

The Market Week in Review

For the Week Ending April 21, 2012

THE MARKETS

It was a tipsy turvey week on Wall Street this week. The stock market started the week in a positive direction as market participants took heart from a strong start to earnings season. The mood changed mid week as disappointing jobs numbers and continued worries about the possibility of another Euro zone crisis pushed equity prices lower. However, the equity markets rebounded again on Friday as stronger than expected retail sales numbers and a successful Spanish bond offering seemed to bolster investors' confidence.

Index	Week Open	Week Close	Change	% Change	YTD %
DJIA	12,849.59	13,029.26	179.67	1.40%	6.64%
NASDAQ	3,011.33	3,000.45	-10.88	-0.36%	15.17%
S&P 500	1,370.26	1,378.53	8.27	0.60%	9.62%
Russell 2000	796.29	804.05	7.76	0.97%	8.52%

DAILY DEVELOPMENTS

MONDAY

Retail sales increased 0.8 percent in March after rising 1.0 percent in February, the Commerce Department said on Monday. Last month's gains beat economists' pre-announcement expectations for a 0.3 percent improvement. The economy grew at a 3.0 percent rate in the fourth quarter of 2012. A separate report from the Commerce Department indicated that business inventories increased 0.6 percent to a record \$1.58 trillion due in no small part to increased demand for motor vehicles from consumers.

TUESDAY

After strong gains in December and January, March delivered the second straight month of no change in the Fed's industrial production index. The Federal Reserve said a 1.5% jump in output of utilities was offset by the weakness in manufacturing. Factory production dropped 0.2% last month but manufacturing output rose at an annual rate of 10.4% for the first three months this year. The gain was led by a nearly 40% increase in production of motor vehicles and parts.

New construction on residential housing slowed sharply last month, the Census Bureau reported. More specifically, housing starts dipped 5.8 percent in March to 654,000 after decreasing 2.8 percent in February. The March pace was lower than market expectations which called for 700,000 starts, but is up 10.3 percent from last year. At the same time newly issued permits for new home construction rose in March to 747,000, which is the

highest level since September 2008. The consensus estimate before the announcement called for 713,000.

WEDNESDAY

There were no major economic announcements on Wednesday.

THURSDAY

First time unemployment claims fell by 2,000 last week, the U.S. Labor Department announced Thursday. That's a smaller decline than most economists had expected. The four week rolling average of initial claims, seen as a more accurate indicator of labor market conditions, rose to a 2½-month high. Taken together, these indicators suggest that job creation is slowing.

A report issued by the National Association of Realtors included both good and bad news regarding the housing market. On the one hand, sales of previously owned U.S. homes in March unexpectedly fell by 2.6 percent to a 4.48 million annual rate from 4.6 million in February. The median forecast of economists in a Bloomberg News survey called for an increase to 4.61 million. At the same time, the report indicated that the supply of unsold properties fell to 2.37 million and Realtors in some markets reported shortages of housing stock. The median price for a home resale rose to \$163,800 in March, up 2.5 percent from a year ago. The months' supply was unchanged at 6.3 months. House prices have fallen by about 32 percent from their peak at the end of 2005.

FRIDAY

The International Monetary Fund announced that it was well on its way to raising at least \$400 billion from member nations to provide the funding needed to combat a widening of Europe's debt crisis. The additional funds would double its lending capacity, helping to ensure the IMF will be in a position to come to the aid of countries who are still struggling to recover from the Great Recession.

The Leading Economic Indicator index from the Conference Board rose 0.3% last month after an unrevised 0.7% gain during February. A 0.2% increase had been expected. It was the sixth straight monthly increase. Of the 10 indicators that make up the LEI, the interest rate spread, building permits, stock prices, a credit index, jobless claims, manufacturers' new orders for consumer goods and materials, and manufacturers' new orders for nondefense capital goods excluding aircraft were all higher. Declines were recorded in weekly manufacturing hours, consumer expectations and the ISM new orders index.

TIDBITS

The "Buffett rule" that would set a minimum 30% tax rate on the wealthiest Americans failed to get enough votes to pass in the U.S. Senate. The 51-45 party line vote in favor of the measure backed by President Barack Obama fell short of the 60 votes needed to overcome a Republican led filibuster.

I hope you have found the information in this week's market summary helpful. If you would like to comment on any of the information found in this week's Market Commentary please e-mail me at awillms@estatecounselors.com. If you would like to discuss how current market conditions could impact your investments, please feel free to call me at the number listed below.

Best regards,

Andy

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