The Market Week in Review

For the Week Ending April 28, 2012

THE MARKETS

U.S. stock exchange traded funds rose for the second straight week on better than expected corporate earnings. The S&P closed just above the 1,400 level for the first time in six weeks. Economic data released during the week suggests that the U.S. economy continues to show signs of modest improvement, but the rate of growth remains insufficient to constitute a full blown recovery.

Index	Week Open	Week Close	Change	% Change	YTD %
DJIA	13,029.26	13,228.31	199.05	1.53%	8.27%
NASDAQ	3,000.45	3,069.20	68.75	2.29%	17.81%
S&P 500	1,378.53	1,403.36	24.83	1.80%	11.59%
Russell 2000	804.05	825.47	21.42	2.66%	11.41%

DAILY DEVELOPMENTS

MONDAY

According to an April survey by the National Association for Business Economics 78 percent of businesses project the world's largest economy will expand more than 2 percent in 2012. That's the best result in two years and is up from 65 percent in the group's January report. About four in ten firms, the most since July 2011, said they expect employment to pick up in the next six months.

TUESDAY

The Commerce Department said Tuesday that new home sales dropped 7.1 percent in March to a seasonally adjusted annual rate of 328,000 units. That is the largest decline in over a year, and follows a 7.3 percent increase in sales in February (revised upward from the original estimate of a 1.6% decline in February). The median sales price was $234,500 in March, down just 1 percent from the February price. The weakness in March sales could be the byproduct of a warmer than normal winter pushing sales that would have normally occurred in March into February instead.

WEDNESDAY

The Census Bureau reported on Wednesday that new orders for manufactured durable goods dropped 4.2% in March on a seasonally adjusted basis. That's the steepest monthly decline since January, 2009, and comes on the heels of a 1.9 percent increase in February. Analysts expected a 1.5 percent decline for March. The transportation component plunged 12.5 percent in March after rising 1.8 percent the month before. Business investment (that is, new orders for nondefense capital goods excluding aircraft) declined a more modest 0.8% during March.

Also on Wednesday the Federal Reserve announced it retained the current funds target rate range of 0.0 to 0.25 percent but the FOMC changed key language. Instead of saying that the policy rate will remain exceptionally low likely through mid-2013, the Fed now says the Fed funds rate is likely to remain exceptionally low through LATE 2014 (emphasis added). The report indicated that in the Fed's opinion the economy is expanding "moderately" despite slowing in global growth, the unemployment rate will decline but only gradually, and inflation is expected to run at levels at or below the FOMC's mandate.

THURSDAY
Initial jobless claims decreased by 1,000 to a seasonally adjusted 388,000 in the week ended April 21st, the Labor Department said Thursday. Economists surveyed by Dow Jones Newswires predicted that 376,000 new claims would be filed last week. It was the third straight week that the level topped 385,000. Claims haven't stayed that consistently high since November.

FRIDAY
The United States gross domestic product grew at an annual rate of 2.2 percent in the first quarter, down from 3 percent at the end of last year, according to a preliminary report released Friday. The first deceleration in GDP growth in a year was attributable primarily to a large decline in governmental spending, which declined by 3.0% on an annualized basis. Business spending was also weaker than expected, while consumer spending improved modestly.

The Reuters/University of Michigan index rose two-tenths of one percent in April to 76.4, which is slightly better than the market had been expecting. Lower gas prices and a stronger job market were credited as the reasons for the slight improvement.

TIDBITS

> The reserves for the Social Security fund that pays disabled benefits will run out in 2016, two years sooner than thought, a government report projects. If the fund is combined with the larger retiree one, all the reserves would be used up by 2033, three years earlier than forecast. If Congress does nothing, one official said, the government will still be able to pay 75% of promised benefits.

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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