

The Market Week in Review

For the Week Ending August 11, 2012

THE MARKETS

It was a relatively quiet week this past week with regard to economic announcements, and what little news there was suggested that the economy is set to continually improve, albeit ever so slowly. No news is good news, as the saying goes, as all 4 of the leading equity indexes finished the week in positive territory. The broad based S&P 500 index has now risen for 5 straight weeks, as traders continued to anticipate further intervention from central banks, including the Federal Reserve.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	13,096.17	13,207.95	111.78	0.85%	8.11%
Nasdaq	2,967.90	3,020.86	52.96	1.78%	15.96%
S&P 500	1,390.99	1,405.87	14.88	1.07%	11.79%
Russell 2000	788.48	801.55	13.07	1.66%	8.18%

DAILY DEVELOPMENTS

MONDAY

The Conference Board's Employment Trends Index increased 0.4 percent in July to 108.1, the New York based private research group said today. The index was up 5.9 percent on a year to year basis. Improvements in five of the index's eight components resulted in the increase.

TUESDAY

There were no major economic announcements on Tuesday.

WEDNESDAY

The Labor Department said Wednesday that the productivity index, which attempts to measure the goods and services generated by the U.S. economy, rose 1.6% in the second quarter and in the process exceeded the forecast of economists surveyed by MarketWatch, who had expected productivity to climb by 1.3%. It was also a significant improvement to the first quarter's revised decline of 0.5%. However the news was not all good as most of the improvement was attributed to a smaller than expected increase in the numbers of hours worked of only 0.4%.

Fannie Mae and Freddie Mac reported some of their best quarterly results since the real estate collapse on Wednesday. Fannie Mae posted second quarter net income of \$5.1 billion. That is up from \$2.7 billion in the first quarter of this year and an improvement from a net loss of \$2.9 billion in the second quarter of last year. Fannie Mae also

announced that it would pay a \$2.9 billion dividend to the federal government. Freddie Mac announced second quarter net income of \$3 billion, up from \$577 million in the first quarter and a net loss of \$2.1 billion in the year-ago second quarter. It also said it would pay a \$1.8 billion dividend to the federal government.

THURSDAY

Driven by a strong increase in exports, the U.S. trade deficit contracted for the third month in a row in June, the Commerce Department announced on Friday. The value of imports exceeded exports by \$42.9 billion, the smallest number since December 2010. More specifically, total exports rose to 185 billion while imports fell to 227.8 billion.

First time claims for jobless benefits in the U.S. fell by 6,000 to 361,000 in the week that ended August 4th, according to the Labor Department's most recent weekly report. That's quite a bit better than economist's expectations which had called for 370,000 new claims.

FRIDAY

There were no major economic announcements on Friday.

TIDBITS

The UN's index of global food prices increased 6% in July, its largest rise since November 2009, boosted by too much rain in Brazil, not enough rain in the U.S., and a hot summer in Russia.

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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