The Market Week in Review
For the Week Ending August 25, 2012

THE MARKETS

The markets started the week off quietly, as there were no major economic announcements on either Monday or Tuesday. Global markets started to rally Wednesday after the minutes of the Federal Open Market Committee meeting in July showed that support is growing for additional action "fairly soon" unless there is clear strengthening of the recovery. Stock prices fell on Thursday after disappointing economic reports came out Thursday from the United States, the Euro Zone, and China. Stocks rallied on Friday finishing the day strong, but the market snapped its 6 week winning streak by finishing the week in the red.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	13,275.20	13,157.97	-117.23	-0.88%	7.70%
Nasdaq	3,076.59	3,069.79	-6.80	-0.22%	17.84%
S&P 500	1,418.16	1,411.13	-7.03	-0.50%	12.21%
Russell 2000	819.89	809.19	-10.70	-1.31%	9.21%

DAILY DEVELOPMENTS

MONDAY
There were no major economic announcements on Monday.

TUESDAY
There were no major economic announcements on Tuesday.

WEDNESDAY
The National Association of Realtors reported on Wednesday that existing home sales rebounded 2.3 percent in July to a 4.47 million annual rate. That represents a significant improvement from the 5.4 percent decline registered in June. The median price of an existing home fell from June to July by 0.8 percent to $187,300. But on a year-on-year basis the median rate rose by 9.4 percent, which represents the biggest increase in the price of existing homes since January, 2006.

The minutes from the most recent meeting of the Federal Reserve's Open Market Committee were also released on Wednesday. The minutes suggest that many of the Committee members favor pushing the timetable for any increase in record low short-term rates beyond the Fed's current target of late 2014. However, the minutes also indicated that the Committee agreed to defer any action on extending the timetable until their next meeting in September.

THURSDAY

The number of people seeking first time unemployment benefits rose by 4,000 last week to a seasonally adjusted 372,000, according to data released Thursday by the Labor Department. The four week average increased 3,750 to 368,000. Applications for new benefits have risen for two straight weeks.

Also on Thursday the Census Bureau reported that new home builders sold a seasonally adjusted annual rate of 372,000 homes in July, up 3.6% from June and up a solid 26% from the same month last year. Inventories of new homes available for sale fell to 142,000 units, the lowest level recorded since the government started tracking the figure in 1963.

FRIDAY

The U.S. Department of Commerce reported on Friday that durable goods orders jumped up 4.2 percent in July after finishing up 1.6 percent in June. This caps two months in a row of large gains in durable goods orders. However, if the orders are adjusted to exclude transportation equipment, the number for July is revised to a minus 0.4 percent and the June number results in a minus 2.2 percent, which points to softness in the manufacturing industry.

TIDBITS

> The middle class suffered its "worst decade in modern history" in the 10 years ending in 2010, falling backward in income for the first time since World War II, according to a recent study by Pew Research. It indicates that in 1970, the share of U.S. income going to the middle class was 62%, while the wealthy received 29%. By 2010, the middle class received 45% of the total income, while upper income Americans took in 46%.

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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