

The Market Week in Review

For the Week Ending February 11, 2012

THE MARKETS

The stock market suffered its first weekly decline of 2012 last week, even though the most important economic announcement was surprisingly positive. The good news came in the form of significant improvement in the nation's employment picture. However, lingering worries about the problems in Greece and the potential impact they could have on the entire Euro zone was enough to wipe out the gains registered earlier in the week. Market participants turned their attentions to the options market in a big way on Friday, perhaps hoping to lock in the gains they have already enjoyed so far in 2012. As a result the Volatility Index (VIX) spiked to a three-week high.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	12,862.23	12,801.23	-61.00	-0.47%	4.78%
Nasdaq	2,905.66	2,903.88	-1.78	-0.06%	11.47%
S&P 500	1,344.90	1,342.64	-2.26	-0.17%	6.76%
Russell 2000	831.11	813.33	-17.78	-2.14%	9.77%

DAILY DEVELOPMENTS

MONDAY

There were no major economic announcements on Monday.

TUESDAY

Federal Reserve Chairman Ben Bernanke appeared before the Senate Budget Committee on Tuesday. In his prepared remarks, Bernanke stated that he expects inflation to be at 2 percent or lower over the next two years. He also noted that the Fed still recognizes its dual mandate to keep inflation low while maintaining healthy employment growth. In response to questioning from the Committee members, Mr. Bernanke agreed with Republican Senator John Cornyn that an unemployment rate of 8.3 percent is understating the jobs problem because it excludes unemployed and part time workers who are not actively looking for work. He also indicated that Federal Reserve officials were aware of the risks and were closely monitoring inflation, which he said was low and falling.

WEDNESDAY

Job openings in the U.S. rose to 3.4 million as of the end of 2011 the Labor Department announced on Wednesday. "Although the number of job openings remained below the 4.4 million openings when the recession began in December 2007, the number of job openings has increased 39 percent since the end of the recession in June 2009" according to the report. 330,000 manufacturing-related jobs were created last year.

THURSDAY

There was more good news from the Labor Department on Thursday, in the form of its weekly announcement on new claims for unemployment benefits. According to the report the number of new people seeking unemployment benefits dropped by 15,000 last week to a seasonally adjusted 358,000.

FRIDAY

The nation's monthly trade gap hit \$48.8 billion in December 2011, the Commerce Department reported Friday. A 0.07% growth in exports was overshadowed by a rise in imports, which grew 1.3% in December. Year over year, the trade gap was up 11.6% to \$558 billion. The U.S. trade deficit with China grew sharply in 2011, rising 8.2% from the year before to \$295.7 billion.

The Reuters/University of Michigan consumer sentiment index fell 2.5 points to 72.5 in its preliminary February reading, breaking five straight months of gains. There was a broad-based decline in consumers' outlook on the economy and, in particular, their own finances. The reading is below the year-ago level of 77.5 but still above levels recorded during the heart of the Great Recession, when the index plummeted below 70.

QUOTE OF THE WEEK

"We are the most competitive in manufacturing that we have been for the past two or three decades."

Gene Sperling, director of the National Economic Council.

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

Andrew J. Willms, J.D. LL.M.
Estate Counselors, LLC
414 N. Main Street
Thiensville, WI 53092
Phone (262) 238-6996
Fax (262) 238-6999
awillms@estatecounselors.com
www.estatecounselors.com

Important Disclosures: The information and statistics in this e-mail have been obtained from sources we believe to be reliable but are not guaranteed by us to be accurate or complete. Any and all earnings, projections, and estimates assume certain conditions and industry developments, which are subject to change. The opinions stated are those of Estate Counselors, LLC, but are not intended to be a substitute for personal investment advice. Services provided by Estate Counselors, LLC do not constitute legal services and are not being provided by Willms, S.C. law firm. Communications between Estate Counselors, LLC and its clients are therefore not covered by the attorney-client privilege, and as a result may be discoverable by third parties. All such communications are, however, covered by Estate Counselor, LLC's privacy policy, a copy of which is available on request. *Please let us know in a reply to this e-mail if you have received this message in error, or would like to discontinue receiving it.* Thank you.