The Market Week in Review
For the Week Ending February 18, 2012

THE MARKETS

U.S. stocks resumed their upward direction this week to the point where the major indexes ended the week within striking distance of their 2011 highs. Good news from Europe helped, with word coming that Greece was working to meet European Union conditions for a second financial bailout. Domestically, the minutes from the latest Federal Reserve meeting did not suggest that further quantitative easing from the central bank was imminent. There was also good news with regards to the still struggling real estate market, as housing starts rose 1.5% in January from December 2011.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	12,801.23	12,950.10	148.87	1.16%	6.00%
Nasdaq	2,903.88	2,951.78	47.90	1.65%	13.31%
S&P 500	1,342.64	1,361.23	18.59	1.38%	8.24%
Russell 2000	813.33	828.68	15.35	1.89%	11.84%

DAILY DEVELOPMENTS

MONDAY
Greece's parliament approved strict financial reforms needed to obtain an international bailout package on Monday. While the deal helps Greece avoid a potentially chaotic default, it also set off a wave of civic unrest by Greek nationals not prepared to make the sacrifices required to breathe new life into that nation's failing economic system. Although Greece's economy is small in the context of the euro zone, investors have been concerned that a default could threaten weaker members of the euro zone, which in turn could stifle global economic growth.

TUESDAY
Retail sales rose 0.4 percent in January after being flat the prior month, the Commerce Department said on Tuesday. Excluding autos, sales rebounded a solid 0.7 percent, the biggest gain in 10 months. So-called "core" retail sales, which strip out autos, gasoline and building materials, rose 0.7 percent after declining 0.4 percent in December.

Other data on Tuesday showed confidence among small U.S. business owners. More specifically, the National Federation of Independent Business said its optimism index rose for the 5th straight month in January to 93.9. The index in December had a reading of 93.8. The NFIB survey, which was conducted through January 31st, also recorded layoffs at their lowest level since October 2007.

WEDNESDAY
Industrial production was flat last month, the Federal Reserve reported on Wednesday. Economists surveyed by MarketWatch had predicted before the announcement that U.S. industrial production would climb to 0.8%. Production at utilities, especially those that produce energy, sank 2.5% in January as a wave of warm weather settled over much of the nation. In addition mining production dropped 1.8%. Together those two declines were sufficient to offset a rather robust 0.7% increase in manufacturing production. Auto production shot up 6.8% during its best month of sales in nearly three years.

THURSDAY
The Labor Department announced that the number of new claims for unemployment benefits dropped 13,000 to 348,000 for the week ending February 11, 2012. That's significantly lower than the market expectation of 365,000 initial claims. The four-week moving average of initial claims, which is less susceptible to weekly volatility, fell to 365,250, the lowest level since April 2008. Continuing claims (for the week ending February 4, 2012) fell 100,000 to 3,426,000.

In a separate report the Labor Department said housing starts rose 1.5 percent to an annual rate of 699,000 units last month, beating economists' expectations for a 675,000-unit pace. Starts were boosted by multi-unit buildings, reflecting growing demand for rental apartments as Americans move away from homeownership. Permits for future home construction rose 0.7 percent to a 676,000-unit pace in January.

Also on Thursday the Commerce Department announced that its Producer Price Index rose 0.1% in January 2012 following the 0.1% decrease in December 2011. Economists had been predicting a 0.4% gain. Excluding the volatile food and energy components, core prices rose 0.4%, which was above market expectations for a 0.2% increase following the 0.3% gain in December. The year-over-year rate fell sharply to 4.1% from 4.8% in December. That amounts to the smallest annual increase since the 3.6% rise seen in January 2011 and well below the recent peak of 7.1% seen in July.

The last bit of economic news released on a very busy Thursday came from the Mortgage Bankers Association (MBA). It announced that seasonally adjusted 7.58% of all mortgages outstanding were delinquent, or at least one payment past due, in the fourth quarter, down from 7.99% in the third quarter of 2011 and down from 8.25% in the fourth quarter of 2010. In addition, foreclosure actions were started on 0.99% of mortgage loans outstanding. That's down from the 1.08% rate recorded in the third quarter of 2011 and compares favorably to the 1.27% rate registered during the 4th quarter a year ago.

FRIDAY
The consumer price index rose 0.2% in January, which was the first increase in 3 months, but lower than market expectations for a 0.3 percent boost. Excluding food and energy, the core CPI also rose 0.2%, which is slightly greater than the 0.1% rise registered in December. Expectations had been for a 0.2% rise.

QUOTE OF THE WEEK

> *"'In God We Trust' may be imprinted on our currency, but the hand that activates our government's printing press has been all too human. High interest rates, of course, can compensate purchasers for the inflation risk they face with currency-based investments - and indeed, rates in the early 1980s did that job nicely. Current rates, however, do not come close to offsetting the purchasing-power risk that investors assume. Right now bonds should come with a warning label."*
>
> Warren Buffett – Berkshire Shareholder Letter

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

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.