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

THE MARKETS

All of the major indexes closed higher this week, with the Nasdaq enjoying the greatest gain. In fact, the Nasdaq closed higher for the eighth consecutive week, while the S&P 500 rallied to a four year high. Not all investors are apparently convinced the economic recovery is for real, however, as evidenced by the continued demand for Treasury bonds. That demand has pushed the yield on 10 year Treasuries to below 2%.

Perhaps the principal cause for concern is the growing tensions in the Middle East, which pushed crude futures to just shy of $110 a barrel on Friday. As I am sure you have noticed gas prices have risen sharply in response, which has left consumers with less money to spend elsewhere.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	12,950.10	12,982.95	32.85	0.25%	6.26%
Nasdaq	2,951.78	2,963.75	11.97	0.41%	13.77%
S&P 500	1,361.23	1,365.74	4.51	0.33%	8.60%
Russell 2000	828.68	826.92	-1.76	-0.21%	11.61%

DAILY DEVELOPMENTS

MONDAY

An announcement by Iran that it has stopped exports of oil to Britain and France pushed the price of oil higher on Monday. In electronic trading on the New York Mercantile Exchange oil prices rose by as much as $1.97 to $105.21 a barrel. That's the highest price in nine months. In addition, crude oil futures for March delivery reached their highest point since May 5th. Iran's actions are in retaliation for planned economic sanctions by the EU.

TUESDAY

The Federal Reserve Bank of Chicago's national activity index posted a positive 0.22 in January. Although January's reading was lower than the revised 0.54 reading recoded in December, the three month moving average improved from 0.06 to 0.14. That's its highest level since March, suggesting a broad based improvement in the U.S. economy.

WEDNESDAY

The National Association of Realtors said on Wednesday that existing home sales increased 4.3 percent to an annual rate of 4.57 million units last month, the fastest pace since May 2010. The increase in sales pushed the inventory of unsold properties down to its smallest number in nearly seven years. However, December's sales data was revised downward to 4.38 million unit sales rate rather than the previously reported 4.61 million units.

THURSDAY
Figures released by the Labor Department on Thursday revealed that the number of applications for unemployment insurance benefits were unchanged in the week ended February 18th at 351,000, the fewest since March 2008. The number of people collecting unemployment benefits dropped to the lowest level since August 2008 according to the report. More specifically, the unemployment rate in January dropped to 8.3 percent, as employers added 243,000 workers to payrolls, the most in nine months.

FRIDAY
The Thomson Reuters/University of Michigan consumer sentiment index for the end of February rose to 75.3, which is better than the 73.0 expected by economists surveyed by Dow Jones Newswires. That makes 6 straight months the index has indicated that consumer confidence is improving. Survey respondents indicated that better economic conditions and the improving job market were responsible for their optimism.

Sales of new homes fell in January, but managed to beat expectations slightly. Specifically, new-home sales decreased by 0.9% from December to a seasonally adjusted annual rate of 321,000. Economists had forecasted an annual sales rate of 315,000.

TIDBITS

> The Euro zone will fall into a relatively shallow recession this year, contracting 0.3%, according to an estimate by the European Commission. The EU economy will be flat, the Commission said.

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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