The Market Week in Review

For the Week Ending January 28, 2012

THE MARKETS

The past week was a relatively quiet one on Wall Street, as market participants did not find any of the economic news released during the 5 trading days to be particularly encouraging. Investors are taking heart in the fact that the U.S. economy has clearly picked up stream. However it seems clear that notwithstanding the billions of dollars spent by the federal government on stimulus, the economy is still trudging along at a pace that is not sufficient to support a robust economic recovery. In addition, the mess in Europe is raising concerns about the U.S. economy's ability to maintain its upward trend. And of course the political stalemate in Washington shows no signs of improvement. In light of all of the foregoing, the fact that all 4 of the major stock indexes are up substantially for the year is truly an accomplishment worth taking note of.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	12,720.48	12,660.46	-60.02	-0.47%	3.63%
Nasdaq	2,786.70	2,816.55	29.85	1.07%	8.11%
S&P 500	1,315.38	1,316.33	0.95	0.07%	4.67%
Russell 2000	784.62	798.85	14.23	1.81%	7.82%

DAILY DEVELOPMENTS

MONDAY

Euro zone finance ministers rejected an offer made by private bondholders to help restructure Greece's debts Monday, raising the threat of Greek default. At a meeting in Brussels, ministers said they could not accept bondholders' demands for a four percent coupon on new, longer-dated bonds that are expected to be issued in exchange for their existing Greek holdings. "Negotiations will have to resume," said Jean-Claude Luncker, the prime minister of Luxembourg, who chaired the meeting of finance ministers.

TUESDAY

There were no major economic announcements on Tuesday.

WEDNESDAY

The Federal Reserve announced Wednesday that it planned to keep short-term interest rates near zero until late 2014. The Fed forecasts growth of up to 2.7 percent this year, up to 3.2 percent next year and up to 4 percent in 2014 but also signaled its belief that a full recovery would take several more years. 11 of the 17 members indicated that they expected the Fed to raise rates by the end of 2014.

Also on Wednesday the National Association of Realtors announced that pending home sales fell 3.5 percent in December following a 7.3 percent gain in November and a 10.4 percent surge in October. Year-on-year, pending home sales are up 5.6 percent.

THURSDAY

The U.S. Department of Labor announced Thursday that initial jobless claims for the week ending January 21st rose by 21,000 to 377,000, compared with the previous week's revised figure of 356,000. The less volatile four week moving average however declined by 2,500 to 377,500. The total number of people claiming benefits in all programs for the week ending January 7th, the most recent week for which such data is available, was 7,638,233, down by 188,612 people from the previous week.

Manufacturers' orders for durable goods (goods designed to last at least three years) increased by 3.0% from the prior month to a seasonally adjusted $214.52 billion, the Commerce Department said Thursday. Gains for cars, commercial airplanes and primary metals more than offset declines in electrical equipment and fabricated metals. Orders for nondefense capital goods excluding aircraft climbed by 2.9%, suggesting that confidence in the economic recovery may be growing.

New home sales fell 2.2 percent to a disappointingly soft annual rate of 307,000 according to the Commerce Department, which was significantly lower than pre-announcement consensus which had predicted an annual rate of 320,000. The median price also fell 2.5 percent to $210,300. On a year-on-year basis, the median price is down 12.8 percent. About 302,000 new homes were sold last year. That's less than the 323,000 sold in 2010, making last year's sales the worst on records dating back to 1963.

FRIDAY

The U.S. economy grew at a 2.8 percent annual rate in the fourth quarter of 2011, the Commerce Department said Friday. That was the fastest rate of growth during the year, but far from what is needed to support a robust economic recovery. Moreover, much of the growth was due to inventory accumulation as "business restocking" was credited with adding 2 percent to the nation's GDP (gross domestic product).

TIDBITS

> According to the U.S. Department of Agriculture's latest data, a record 44.7 million people participated in the Supplemental Nutrition Assistance Program (Food Stamps) in fiscal 2011 at a $75.3 billion cost to taxpayers. That's up from 28.2 million and $37.6 billion in 2008.

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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