The Market Week in Review
For the Week Ending January 7, 2012

THE MARKETS

The equity markets started 2012 on the right foot, thanks in large measure to a strong first day of trading on Tuesday. All four of the major indexes ended the week higher than they started it, with the NASDAQ posting the strongest gains. Investors appeared willing to take on more risk as less volatile investments such as utility stocks declined while riskier sectors such as home builders and financials enjoyed significant gains. Economic announcements during the week suggest that the economic recovery may be regaining some of its lost momentum. Next week, the earnings season gets its unofficial start.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	12,217.56	12,359.92	142.36	1.17%	1.17%
Nasdaq	2,605.15	2,674.22	69.07	2.65%	2.65%
S&P 500	1,257.60	1,277.81	20.21	1.61%	1.61%
Russell 2000	740.92	749.71	8.79	1.19%	1.19%

DAILY DEVELOPMENTS

MONDAY
Macroeconomic Advisers, a forecasting company, projects growth of around 2 percent for the first half of this year, down from an estimate of 3.6 percent in the fourth quarter of 2011 and just 1.8 percent in the third quarter. According to Joel Prakken, senior managing director at Macroeconomic Advisers, consumer spending is not "going to collapse," but "there are some headwinds there."

TUESDAY
The Institute for Supply Management Trade Group announced on Tuesday that manufacturing expanded in December at the fastest pace in six months. Its manufacturing index rose to 53.9 in December from 52.7 in November. Readings above 50 indicate expansion.

Also on Tuesday the Commerce Department reported that construction spending rose 1.2 percent in November. The increase follows a 0.2 percent drop in October (revised). The increase was the third in four months and the largest since a 2.2 percent rise in August, although construction levels still remain well below that which would normally be expected in a healthy economy.

WEDNESDAY
Factory orders rose 1.8 percent or by $8.2 billion, the U.S. Census Bureau reported Wednesday. The increase was shy of the preannouncement forecasts, which on average called for a 2 percent rise. New orders for durable goods -- goods expected to last three years -- rose by 3.8 percent to $207.1 billion. Orders for non-durable goods rose by 0.3 percent to $252.1 billion.

THURSDAY
The Labor Department announced Thursday that 372,000 people filed for first time jobless claims last week, down 15,000 from the revised reading for the week before. The four-week average also declined for the fifth week in a row, down 3,250 to 373,250 which is more than 20,000 lower from month-end November and the best since the recovery from when the Great Recession began. Unemployed people continuing to receive jobs benefits also fell by 22,000 to 3.6 million.

Consumer delinquencies fell to its lowest point in four years, according to data released on Thursday by the American Bankers Association. Overall, consumer delinquencies fell to 2.59 percent in the third quarter from 2.88 in the second quarter, its lowest level since the third quarter of 2007. The delinquency rate on home equity loans fell to 4.12 percent of all accounts in the third quarter, from 4.38 percent in the second quarter.

FRIDAY
The U.S. Labor Department reported Friday that the national unemployment rate declined to 8.5 percent in December, the lowest it's been since March 2009. November's rate was revised from 8.9 to 8.7 percent. The private sector added 212,000 jobs, while governmental employment declined by 12,000. The net gain of 200,000 jobs in December resulted in lower total unemployment for the fourth consecutive month. In total, the U.S. private sector added 1.89 million jobs in 2011, well ahead of 2010's total of 1.2 million.

QUOTE OF THE WEEK

> *"The labor market is healing, but we still have a long way to go to recoup the losses we have endured. We may be close to a tipping point where gains can become more self-feeding."*
> Diane Swonk, Chief Economist at Mesirow Financial in Chicago.

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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