

The Market Week in Review

For the Week Ending July 14, 2012

THE MARKETS

This week marked the start of corporate earnings reporting for the second quarter of the year. With the uncertainty surrounding Europe, corporate earnings took on added significance. Stock prices fell mid-week, after the Fed expressed concerns about the state of the U.S. economy, but finished the week up slightly after a strong showing on Friday. The Dow and S&P 500 snapped 6 day losing streaks, with the Dow finishing up over 200 points and the S&P being lead by financials and materials.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	12,772.47	12,777.09	4.62	0.04%	4.58%
Nasdaq	2,937.33	2,908.47	-28.86	-0.98%	11.64%
S&P 500	1,354.68	1,356.78	2.10	0.16%	7.89%
Russell 2000	807.14	800.99	-6.15	-0.76%	8.11%

DAILY DEVELOPMENTS

MONDAY

U.S. consumer borrowing increased \$17.1 billion in May, the Federal Reserve reported Monday. The expansion, which topped the highest estimate from economists surveyed by Bloomberg News, was led by the biggest jump in credit card debt in almost five years. Increasing credit card debt could be a sign that many Americans are struggling to make ends meet.

TUESDAY

There were no major economic announcements on Tuesday.

WEDNESDAY

The trade deficit narrowed by 3.8% to \$48.7 billion in May from 50.6 billion in April, the Commerce Department announced on Wednesday. The decline was attributable in large part to a drop in oil prices, although exports also grew by 0.2%. Surprisingly, exports to Europe increased by 2.6%, while exports to China rose 5.2%. However the U.S. continues to have a 10.5 billion trade deficit with the EU, and the rate of growth of imports from China in May outpaced the improvement in exports to China, with imports increasing at a 5.7% clip.

THURSDAY

Last week's initial jobless claims fell 26,000 to 350,000 with the 4 week average down approximately 10,000 to 376,000, the Labor Department reported on Thursday. Low inventories in the auto sector are delaying summer shutdowns for factories. As the summer shutdowns begin, this improvement in jobless claims will likely reverse to some extent. Continuing claims fell slightly to 3.304 million with the 4 week average up slightly to 3.309 million. Improvements for both initial and continuing claims have stalled, which delay any conclusions that the job market is improving.

FRIDAY

The Labor Department announced Friday that its seasonally adjusted Producer Price Index (PPI) unexpectedly rose in June by 0.1 percent, versus the consensus estimate of a 0.4 percent decrease. The increase was attributed to gains in consumer goods such as household appliances, light trucks, and pet food. While overall inflation has subsided as of late, core inflation has remained at elevated levels. Some Fed policymakers worry that further moves to lower borrowing costs could spark higher inflation. However, the central bank has indicated it is ready to do more to help the economy if needed.

TIDBITS

Last week President Obama proposed a one-year extension of the Bush-era tax cuts for families earning below \$250,000 a year, a move that might soften the impact of the "fiscal cliff" on January 1. That still leaves a gap with Republicans, who want to extend the cuts forever, and even with some senior Democrats, who want to include those earning under \$1M.

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.