The Market Week in Review
For the Week Ending July 28, 2012

THE MARKETS

Stocks headed lower at the start of the week, as once again investors focused on problems in Europe. This time the focus was on Spain, and its increasing need for a bailout from the European Union (i.e. Germany). Equity prices rebounded somewhat on Wednesday, helped by suggestions that the folks in Washington would begin a new round of stimulus spending in an effort to improve the American economy. Stock prices rose sharply Thursday in response to a statement by European Central Bank Chief Mario Draghi that the central bank was prepared to "do whatever it takes to preserve" the currency. The equity markets moved sharply higher on Friday, as the nation's GDP grew between April and June at a slightly higher rate than most forecasters had been predicting.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	12,822.57	13,075.66	253.09	1.97%	7.02%
Nasdaq	2,925.30	2,958.09	32.79	1.12%	13.55%
S&P 500	1,362.66	1,385.97	23.31	1.71%	10.21%
Russell 2000	791.54	796.00	4.46	0.56%	7.43%

DAILY DEVELOPMENTS

MONDAY
The Chicago Fed National Activity Index (CFNAI) for June rose modestly, suggesting that recession risk eased. Although the 3 month moving average of the index increased to -0.20 last month from -0.38 in May, the June number was the fourth straight month of below zero readings, which "suggests that growth in national economic activity was below its historical trend" according to the report issued Monday by the Federal Reserve Bank of Chicago.

TUESDAY
Financial information firm Markit said on Tuesday that its U.S. Manufacturing Purchasing Managers Index fell from 52.5 in June to 51.8 in July. The index remained above 50, however, indicating factory activity continued to expand. July was the fourth consecutive month that the rate of expansion decelerated, and the index posted its weakest showing since December, 2010.

WEDNESDAY
New home sales fell by 8.5% in June from May to 350,000 on an annualized basis, the Census Bureau reported Wednesday. That's 20,000 less than surveyed economists were forecasting in advance of the report. However, the weak June number was offset in part by

by upward revisions to both May and June's original estimates. May's annualized new housing starts figure was bumped by 13,000 to 382,000 which is the highest rate in more than 2 years, while April's original estimate was increased to 358,000.

THURSDAY
The Department of Labor reported on Thursday that initial unemployment claims declined to 353,000. This represented a decrease of 35,000 from the previous week's revised figure of 388,000. The 4 week average is down 8,750 in the July 21st week to 367,250 which represents a drop of approximately 20,000 from the trend in June.

Also on Thursday, the Commerce Department indicated that factory orders for durable goods jumped 1.6 percent in June after rebounding 1.6 percent in May (prior revised estimate, up 1.3 percent). The reported figure was higher than analysts' forecasts, which on average had predicted a 0.6 percent improvement. In addition May's initial estimate of new durable goods was revised up to a 1.6% gain from 1.3%.

FRIDAY
Gross domestic product expanded at a 1.5 percent annual rate in the second quarter, the Commerce Department said on Friday. The advance estimate came in higher than the consensus forecast for a 1.2 percent rise but represents the slowest rate of growth since the third quarter of 2011. First quarter growth was revised up to a 2.0 percent pace from the previously reported 1.9 percent. Output for the fourth quarter was raised to a 4.1 percent rate from 3.0 percent.

TIDBITS

Census data scheduled for release this fall are expected to show that U.S. poverty increased last year to a as high as 15.7%, a level not seen in almost a half-century.

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