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

THE MARKETS

Gains in stock prices earlier in the week were wiped out on Friday as investors worried about a week June jobs report issued by the Labor Department. All 10 S&P sectors fell, but defensive areas like consumer staples and utilities suffered the least. The tech heavy Nasdaq was hard hit as market participants worried about weak forecasts for the software sector.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	12,880.09	12,772.47	-107.62	-0.84%	4.54%
Nasdaq	2,935.05	2,937.33	2.28	0.08%	12.75%
S&P 500	1,362.16	1,354.68	-7.48	-0.55%	7.72%
Russell 2000	798.49	807.14	8.65	1.08%	8.94%

DAILY DEVELOPMENTS

MONDAY
The Commerce Department reported Monday that construction spending rose in May to a seasonally adjusted annual rate of $830.0 billion, or about 0.9 percent up from the revised April estimate of $822.5 billion. The latest figure is up 7 percent compared with the May, 2011, estimate of $775.8 billion.

The Institute for Supply Management announced that its index of manufacturing activity unexpectedly declined to 49.7 in June. Economists surveyed before the announcement on average were expecting a reading of 52. A reading below 50 represents a contraction in the manufacturing sector.

TUESDAY
The Commerce Department said Tuesday that factory orders increased 0.7 percent in May, $469 billion, up 43.5 percent from their recession low reached in March 2009. Core capital goods, such as machinery and computers, rose 2.1 percent.

WEDNESDAY
The markets were closed Wednesday in observance of the 4th of July holiday.

THURSDAY
The number of people who applied for unemployment benefits fell last week by 14,000 to a seasonally adjusted 374,000 in the week ended June 30th, the Labor Department said Thursday. Economists surveyed by MarketWatch had projected claims would total

386,000. Continuing claims increased by 4,000 to a seasonally adjusted 3.31 million in the week ended June 23rd. Continuing claims reflect the number of people already receiving benefits and are reported with a one week lag.

Central banks in Europe and China took measures Thursday to increase borrowing and spending by businesses and consumers. China's central bank cut bank lending rates for the second time in four weeks. The European Central Bank cut its benchmark interest rate to 0.75 percent, the lowest level in its 14 year history. And the Bank of England announced it would expand its holdings of government bonds by about 15 percent.

Also on Thursday a survey by Thomson Reuters of 18 retailers showed that retail sales were up 2.5 percent in June, surpassing forecasts of a 2.4 percent rise but well below the 7.7 percent increase recorded in June 2011.

FRIDAY

The Labor Department announced Friday that the nation's unemployment rate remained at 8.2 percent in June. Private payrolls advanced 84,000 in June after gaining 105,000 the prior month. A monthly gain of between 125,000 and 150,000 jobs is needed to keep up with the growth in the number of new people entering the workforce each month. Expectations were for a 100,000 increase in June. The weak labor market will likely increase pressure on the Federal Reserve to initiate yet another massive bond-buying program known as "quantitative easing", or QE, in which the Fed essentially prints money to buy long-term mortgage or Treasury bonds. The fact that we are in an election year makes the prospects of such a program more likely, notwithstanding the negative impact QE has on the nation's already bloated deficit.

TIDBITS

The interest rate on a 30 year fixed rate home mortgage in the U.S. dropped to a record low of 3.62% this week, Fannie Mae said. The rate for a 15 year fixed rate mortgage also hit a record low: 2.89%.

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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