

The Market Week in Review

For the Week Ending March 10, 2012

THE MARKETS

This past week the markets focus was on jobs, jobs, jobs, as several positive reports on the state of the employment picture in the United States were released during the week. "Over the past six months, the number of people who are employed has risen by 2.3 million - an average of 385,000 per month. That's the best growth since early 2000, when the dot-com bubble was in full flower," MarketWatch reported Friday. Considered collectively, the data suggests that the nation's economic recovery is becoming more durable and as a result further stimulus from the Federal Reserve may not be warranted. Investors responded to the good news by pushing the S&P 500 near its 52 week high. That broad based large company index now stands within striking distance of the 1,400 level for the first time since 2008.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	12,977.57	12,922.02	-55.55	-0.43%	5.77%
Nasdaq	2,976.19	2,988.34	12.15	0.41%	14.71%
S&P 500	1,369.63	1,370.87	1.24	0.09%	9.01%
Russell 2000	802.42	817	14.58	1.82%	10.27%

The unemployment rate is falling more quickly than the Federal Reserve anticipated and some economists are predicting it could be as low as 7.6% by the end of the year. Although the economy is creating jobs faster than it did in the fall, some economists believe that much of the decline in the unemployment rate is attributable to the large number of people that have stopped looking for jobs. Whatever the cause, a decline in the unemployment rate should help the President's re-election efforts.

DAILY DEVELOPMENTS

MONDAY

The Commerce Department said Monday that factory orders fell 1 percent in January. The largest decline in 15 months resulted in large measure from reduced orders for machinery and equipment. While orders for durable goods fell 3.7 percent, orders for non-durable goods rose 1.3 percent.

Better news came Monday regarding the service sector, as the Institute of Supply Management announced that its non-manufacturing index increased to 57.3 from 56.8 in February. That represents a 0.5% increase from January, and is the 26th straight month the index has moved higher.

TUESDAY

There were no major economic announcements on Tuesday.

WEDNESDAY

The private sector added 216,000 jobs last month according to the ADP National Employment Report released on Wednesday. The reported number surpassed economists' expectations for a gain of 208,000. In addition January's payroll figures were revised upward to an increase of 173,000 from 170,000. However it is important to note that ADP's numbers often differ significantly from the Department of Labor's figures.

Non-farm business sector labor productivity increased at a 0.9 percent annual rate during the fourth quarter of 2011 the Department of Labor reported on Thursday. The gain in productivity was a result of a 3.7 percent increase in output and a 2.7 percent increase in the number of hours worked. Productivity grew 0.3 percent from the fourth quarter of 2010 to the fourth quarter of 2011.

THURSDAY

The Labor Department reported on Thursday that initial claims for unemployment benefits for the week ending on March 3rd rose by 8,000 to 362,000. The Labor Department also adjusted the prior week's claim number 3,000 higher. The slight increase leaves the number of individuals seeking first time unemployment benefits at a level that is consistent with an improving labor market. In fact, the initial claims average over the past four weeks remained close to a four year low.

FRIDAY

Employers added 227,000 non-farm payroll jobs in February the Labor Department announced Friday. That surpassed the average expectations of economists surveyed prior to the announcement, which on average predicted 204,000 new jobs created last month. In addition the Labor Department revised its original estimate of the number of new jobs added in January upward, from 243,000 to 284,000, and also increased last December's estimate to 203,000 new jobs created during that month. Nonetheless, the unemployment rate was unchanged at 8.3% as the number of people looking for work also increased. That increase is most likely attributable to renewed optimism about the chances of finding a job as a result of the improving economy.

QUOTE OF THE WEEK

"We hope that Iran will now enter into a sustained process of constructive dialogue which will deliver real progress in resolving the international community's long-standing concerns on its nuclear program."

Catherine Ashton, EU foreign policy chief.

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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