

The Market Week in Review

For the Week Ending March 31, 2012

THE MARKETS

Friday marked the end of the first quarter of 2012, and the year is off to a very strong start. The S&P 500, ended the three months with a 12 percent gain, its best start to a year in 14 years. The Dow Jones Industrial Average rose by 8 percent, which is also a 14 year best. But the market champ was the Nasdaq, which was up almost 19 percent for the year. That is the Nasdaq's best first quarter in 21 years.

Index	Week Open	Week Close	Change	% Change	YTD %
DJIA	13,080.73	13,212.04	131.31	1.00%	8.14%
NASDAQ	3,067.92	3,091.57	23.65	0.77%	18.67%
S&P 500	1,397.11	1,408.47	11.36	0.81%	12.00%
Russell 2000	830.03	830.30	0.27	0.03%	12.06%

DAILY DEVELOPMENTS

MONDAY

The National Association of Realtors reported on Monday that its pending home sales index fell 1.6% from 97 in January to 96.5 in February. A 6.5% sales gain in the Midwest was more than offset by declines in the South, West, and Northeast regions of 3.0%, 2.6% and 0.6% respectively. Sales are construed as pending when the transaction hasn't been finalized yet but the contract and intent to purchase has been signed. Although pending sales dropped on a month to month basis, the number of pending contracts was up 8.8% as compared to February 2011, and was at its second highest level in 21 months.

The U.S. economy needs to grow faster to maintain job market momentum, Federal Reserve Chairman Ben Bernanke said in a speech Monday to the National Association for Business Economics. As a result, the Fed will continue its low interest rate policy, hoping to spur consumer demand and business investment. "Further significant improvements in the unemployment rate will likely require a more rapid expansion of production and demand from consumers and businesses, a process that can be supported by continued accommodative policies," Bernanke said. Some commentators took Mr. Bernanke's comments as a signal that an additional round of quantitative easing could be on the way.

TUESDAY

U.S. house prices fell in January to their lowest level since the financial crisis began, according to the Standard & Poor's/Case-Shiller Home Price index that was released on Tuesday. The index declined 0.8% from December and 3.8% from January 2011. Sixteen cities tracked by the index posted declines. Eight metro areas - Atlanta, Chicago,

Cleveland, Las Vegas, New York, Seattle, Portland, Oregon, and Tampa, Florida - saw average home prices hit new lows. Nonetheless, many housing analysts expect the housing market to hit bottom this year and begin a slow recovery.

The Conference Board's Consumer Confidence Index was also released on Tuesday. It fell to 70.2 from an upwardly revised 71.6 in February. According to the report Americans were more worried about inflation in March than at any time in the last 10 months. More specifically, expectations for inflation in the coming year jumped from 5.5 percent to 6.3 percent, which is the highest expected rate since May 2011.

WEDNESDAY

The Commerce Department reported on Wednesday that new orders for durable goods rose 2.2% last month, taking some of the sting out of January's sharp 3.6% decline. Greater demand for machinery, computers, autos, and aircraft drove much of the increase. The improvement was nonetheless less than the consensus pre-market estimate, which was for a 2.9% rebound.

THURSDAY

Real disposable income rose to a seasonally adjusted annual rate of \$11.73 trillion, \$10.6 billion more than previously estimated the Commerce Department said on Thursday. While the Department left its final estimate of growth in the U.S. gross domestic product for the 4th quarter of 2011 unrevised at 3 percent, incomes rose to 4.4 percent, which is the largest increase since the first quarter of 2010.

Initial claims for state unemployment benefits fell 5,000 to a seasonally adjusted 359,000, the lowest level since April 2008, the Labor Department said on Thursday. The median forecast of economists in a Bloomberg News survey called for 350,000 initial claims. The four week moving average, a less volatile measure than the weekly figures, fell to 365,000 last week from 368,500. In addition, the number of people continuing to receive jobless benefits dropped by 41,000 in the week ended March 17th to 3.34 million.

FRIDAY

Personal spending jumped 0.8% last month, the best gain since July, while incomes increased 0.2% the Commerce Department said Friday. Economists surveyed by Dow Jones Newswires were expecting spending to grow 0.6% last month and incomes to rise 0.4%. Also, the price index for personal consumption expenditures increased 2.3% on a year over year basis in February. That's above the Federal Reserve's long-term annual inflation target of 2.0%. The rise in the PCE was driven in large part by a rise in energy costs, which rose 3.6% in February. That's the largest gain in nearly a year. The core PCE index, which excludes volatile food and energy prices, moved up 1.9% on a year over year basis in February. Month over month the core PCE index rose 0.1% in February.

TIDBITS

U.S. crude inventories jumped 7.1 million barrels last week, the biggest increase since July 2010, sending stockpiles to their highest level since last summer.

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.