

The Market Week in Review

For the Week Ending May 5, 2012

THE MARKETS

A weaker than expected jobs report renewed investor worries that the U.S. economy could be regressing, and led to all four of the major indexes finishing the week in the red. In fact stocks suffered their biggest weekly decline for 2012. Next week market participants will be closely watching the results of the national elections in both France and Greece.

Index	Week Open	Week Close	Change	% Change	YTD %
DJIA	13,228.31	13,038.27	-190.04	-1.44%	6.72%
NASDAQ	3,069.20	2,956.34	-112.86	-3.68%	13.48%
S&P 500	1,403.36	1,369.10	-34.26	-2.44%	8.87%
Russell 2000	825.47	791.84	-33.63	-4.07%	6.87%

DAILY DEVELOPMENTS

MONDAY

The Commerce Department reported Monday that consumer spending increased just 0.3 percent in March, which was a disappointment after a 0.9 percent gain in February. However, for the entire first quarter, spending was up 2.9%, which was the largest increase in more than a year. Personal income grew 0.4 percent following a 0.3 percent gain in February. But after-tax income when adjusted for inflation increased just 0.2 percent in March. The slight improvement follows declines for each of the prior two months.

TUESDAY

The Institute for Supply Management, a trade group of purchasing managers, said Tuesday that its index of manufacturing activity reached 54.8 in April. That's the highest level since June and up from 53.4 the previous month. Readings above 50 indicate expansion.

WEDNESDAY

There were no major economic announcements on Wednesday.

THURSDAY

First time claims for unemployment benefits fell by 27,000 last week to 365,000, the Labor Department said. The drop was much greater than expected and was the largest in nearly a year. The Labor Department did not offer any rationale for the decline. Thursday's report was a welcome relief after several weeks of mostly disappointing data on the job market.

FRIDAY

The Labor Department said Friday that the economy added just 115,000 jobs in April. The unemployment rate fell to 8.1%, but only because more people gave up looking for work. That's below March's upwardly revised 154,000 jobs and far fewer than the pace from earlier this year. Employers added an average of 252,000 jobs per month from December through February, but only an average of 135,000 in the two months since then.

TIDBITS

The Social Security wage base is projected to increase from \$110,000 to \$113,700 in 2013. In addition the tax rate imposed on both employers and employees will return to 6.2%. (In 2012 the rate on employees was temporarily cut to 4.2%.) Self-employed persons pay 12.4%. (This rate is 10.4% in 2012.) Of course, this is in addition to the major tax hikes that will take effect on January 1, 2013 if the so-called "Bush tax cuts" are allowed to expire.

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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