The Market Week in Review
For the Week Ending November 10, 2012

THE MARKETS

Stock prices fell sharply on Wednesday as investors focus shifted from President Barack Obama's re-election to the looming fiscal showdown and whether it could create another U.S. recession. A discouraging economic outlook in Europe also added to investor concerns. The gloomy mood continued for the rest of the week, as the political rhetoric coming out of Washington suggested that compromise would be hard to come by. Time will only tell if our elected representatives are up to the task. As a result, the stock market experienced its worst weekly decline since June with the all the major indexes finishing the week down more than 2 percent.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	13,093.16	12,815.39	-277.77	-2.12%	4.89%
Nasdaq	2,982.13	2,940.87	-41.26	-1.38%	12.89%
S&P 500	1,414.20	1,379.85	-34.35	-2.43%	9.72%
Russell 2000	814.37	795.02	-19.35	-2.38%	7.30%

DAILY DEVELOPMENTS

MONDAY
Economic activity in the service sector grew in October for the 34th consecutive month, according to the latest Non-Manufacturing ISM Report on Business. The NMI registered 54.2 percent in October, 0.9 percentage points lower than the 55.1 percent registered in September. The figure was slightly below analyst expectations of about 54.5 and marked the first slowdown in growth since June.

TUESDAY
On Tuesday the Labor Department reported in its monthly Job Openings and Labor Turnover Survey that job openings fell to 3.56 million from 3.66 million in August. The hiring rate also decreased to 3.1 percent from 3.3 percent. In addition the rate at which Americans quit their jobs decreased from 1.6 percent to 1.5 percent.

WEDNESDAY
The European Commission said on Wednesday that it was cutting its forecast for the European Union's economic growth in 2013 from a May forecast of 1 percent to just 0.1%. It also cut the forecast for Germany, Europe's largest economy, to 0.8 percent from its original prediction of 1.7 percent. The Commission also announced that Europe's overall economy will shrink 0.4 percent in 2012, ending a modest two-year expansion.

THURSDAY
Initial claims declined by 8,000 to a seasonally adjusted 355,000 in the week ended November 3rd, the Labor Department said Thursday. However, the data was distorted by hurricane Sandy. Initial claims from two weeks ago were unrevised at 363,000.

America's trade deficit unexpectedly dropped 5.1%, to $41.5 billion, in September, as exports rose 3.1%, to $187 billion, the Commerce Department announced. The increase in exports was broad-based, ranging from refined petroleum to aircraft and September's increase was the biggest gain since July 2011. Economists surveyed by Bloomberg had predicted the trade deficit would expand to $45 billion.

FRIDAY
The Institute for Social Research (ISR) reported on Friday that despite the looming fiscal cliff, consumer sentiment is strong. The reading was up 2.3 points to 84.9, which represents the best number experienced during the recovery. Confidence in current conditions is especially strong for November at 91.3, versus the end of October reading of 88.1. With the U.S. consumer being the engine that drives the economy, today's report points to a continued rise in consumer spending.

TIDBITS

> Suzuki will stop selling cars in the U.S. after 27 years, and after its operations in the country entered bankruptcy protection. The Japanese firm was hit by the strong yen, a limited line-up and strict regulation. Suzuki isn't exiting the U.S. altogether, though, and will now focus on motorbikes, all-terrain vehicles and marine equipment such as outboard motors.

QUOTE OF THE WEEK

> "The bottom line is that this looks like a status quo election. The problem with that is that it doesn't resolve some of the main sources of uncertainty that are hanging over the economy." - Dean Maki, chief United States economist at Barclays.

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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