The Market Week in Review
For the Week Ending November 17, 2012

THE MARKETS

Stock prices drifted lower at the beginning of the week as investors grew more concerned about the state of the U.S. economy and the possible harmful effects if Washington is unable to avert the looming so-called fiscal cliff. The downward trend continued through Thursday but on Friday investors responded positively to a statement made by Republican House Speaker John Boehner suggesting that the parties were coming closer to an agreement. However, Friday's modest gains were not enough to push the major indexes into positive territory for the week.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	12,815.39	12,588.31	-227.08	-1.77%	3.03%
Nasdaq	2,940.87	2,853.13	-87.74	-2.98%	9.52%
S&P 500	1,379.85	1,359.88	-19.97	-1.45%	8.13%
Russell 2000	795.02	776.28	-18.74	-2.36%	4.77%

DAILY DEVELOPMENTS

MONDAY
There were no major economic announcements on Monday. While the stock market was open banks and the bond markets were both closed in observance of Veteran's Day.

TUESDAY
The Treasury Department announced Tuesday that the Federal deficit in October was $120 billion, which was larger than economist forecasts of $114 billion and up from $98 billion in October of 2011. Outlays grew to $304 billion while receipts rose to $184 billion. The United States had reported a budget surplus for September, the final month of the 2012 fiscal year, but the tiny bump in revenues did not prevent the country's deficit from exceeding $1 trillion for the fourth year in a row.

WEDNESDAY
The Producer Price Index declined during the month of October by a seasonally adjusted 0.2% the Labor Department said Wednesday. Lower gasoline and motor vehicle prices were cited as the primary reasons for the decline in wholesale prices. Core wholesale prices, which exclude the volatile categories of food and energy, also fell 0.2%.

Total retail sales in October declined 0.3 percent after jumping 1.3 percent the month before (originally up 1.1 percent). However Hurricane Sandy likely distorted retail sales during the month.

The minutes relating to the Federal Open Market Committee (FOMC) meeting of October 23rd – 24th were also released Wednesday. They indicate that committee members considered that the decision to buy $40 billion of mortgage-backed securities each month effective in lowering long-term interest rates, and in turn helping to support spending and a recovering housing market.

THURSDAY
The Labor Department reported a 78,000 surge in jobless claims on Thursday as the number of first time filers hit 439,000 for the week of November 10th. An equally concerning increase of 171,000 in continuing claims pushed the number of persons collecting unemployment benefits to 3.334 million. Some of the increase was attributed to Hurricane Sandy.

FRIDAY
Industrial production declined by 0.4 percent in October after an increase of 0.2 percent in September, the Federal Reserve Board of Governors announced on Friday. The Fed estimated Hurricane Sandy reduced total output by nearly one percent. Utilities, chemicals, food, transportation equipment, and electronic products were impacted the most by the storm.

TIDBITS

> The International Energy Agency predicts the U.S. will replace Saudi Arabia as the top oil producer by 2020 in a report it released on Monday. The agency forecasts that by 2030 the U.S. will become a net exporter of oil and by 2035 it will be almost entirely energy self sufficient.

QUOTE OF THE WEEK

> *"There are two ways to conquer and enslave a nation. One is by the sword. The other is by debt."*
> -- John Adams 1826

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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