

The Market Week in Review

For the Week Ending October 13, 2012

THE MARKETS

The stock market posted its worst weekly loss in four months as weaker than expected global demand has caused worry about the third-quarter earnings season. The concern over global growth negated the improved jobless numbers and better than expected earnings announcements from JPMorgan Chase. All three major U.S. indexes recorded their biggest weekly drop since the beginning of June. Treasury prices remained weak after a \$13 billion auction. 30-year bonds showed demand was lower than expected. Stocks saw a brief bounce to the upside on Friday after consumer sentiment for October rose to its highest level in five years, but finished the day with mixed results.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	13,610.15	13,328.85	-281.30	-2.07%	9.10%
Nasdaq	3,136.19	3,044.11	-92.08	-2.94%	16.85%
S&P 500	1,460.93	1,428.59	-32.34	-2.21%	13.60%
Russell 2000	842.86	823.09	-19.77	-2.35%	11.09%

DAILY DEVELOPMENTS

MONDAY

The International Monetary Fund released its World Economic Outlook on Monday ahead of its twice-yearly meeting, which will be held in Tokyo later this week. The IMF cut its projection for global economic growth this year to 3.3%, the lowest since the recession in 2009. The report said the chance of an even sharper decline, with growth falling as low as 2%, is "alarmingly high". The report also warned U.S. and European policymakers that failure to fix their economic ills would prolong the ongoing world-wide recession. The IMF believes global growth in advanced economies is too weak to bring down unemployment and what little momentum exists is coming primarily from central banks, which cannot continue indefinitely.

TUESDAY

There were no major economic announcements on Tuesday.

WEDNESDAY

The U.S. Federal Reserve's released its latest "Summary of Commentary on Current Economic Conditions" on Wednesday. According to the report (which is commonly referred to as the "Beige Book" after the color of its cover) "consumer spending was generally reported to be flat to up slightly since the last report," while conditions in manufacturing were "somewhat improved". The Fed described vehicle sales as "stable, but

up from a year earlier and generally at favorable levels" while tourism was said to be "fairly robust".

THURSDAY

Jobless claims saw a significant improvement on Thursday as the Labor Department reported claims fell to 339,000 in the October 6th week. This 30,000 decline was the biggest weekly drop since July, and the four week average is down 11,500 to 364,000. However, there was some concern that the report may have been distorted due to one state not posting its weekly claims as expected. Continuing claims also continue to decline, down 15,000 for the last week in September to 3.273 million. The four week average for continuing claims is down 12,000 to 3.279 million, but the unemployment rate for insured workers has remained stagnant at 2.6 percent since mid-March.

FRIDAY

The Institute for Social Research (ISR) reported a surprising lift in consumer sentiment for the month. The reading of 83.1 is an increase of nearly five points from September and is at its highest level in almost 5 years. The gain was mainly attributable to the expectations component but also included a 2.9 point gain in the current conditions component. Inflation expectations also decreased and consumers do not seem to be concerned that rising gasoline and food prices will cause increased inflation.

TIDBITS

Iran will be capable of producing weapons-grade nuclear fuel in as little as two to four months, according to former U.N. inspectors and nuclear experts.

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.