

## The Market Week in Review

For the Week Ending October 27, 2012

### THE MARKETS

Stock prices lost ground this week as investors became increasingly concerned about a slew of disappointing earnings reports from key members of the S&P 500. The Federal Reserve had their latest policy meeting on Wednesday. It did not announce any new changes or plans of action, but reiterated their efforts to push down U.S. mortgage rates. Gold fell for the third straight week. Also this week, the University of Michigan's monthly survey of consumer confidence reached its highest level in 5 years, which is an encouraging sign for the economy.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	13,343.51	13,107.21	-236.30	-1.77%	7.28%
Nasdaq	3,005.62	2,987.95	-17.67	-0.59%	14.69%
S&P 500	1,433.19	1,411.94	-21.25	-1.48%	12.27%
Russell 2000	821.00	813.25	-7.75	-0.94%	9.76%

### DAILY DEVELOPMENTS

#### MONDAY

There were no major economic announcements on Monday.

#### TUESDAY

The Bank of Spain reported that Spain's economy contracted by 1.7% in the third quarter. It was the fifth such decline in a row, adding to concerns that the situation in Europe will not be improving any time soon. As job losses continued, households dipped further into their savings, increasing the likelihood of defaults on consumer debt in the months to come.

#### WEDNESDAY

New single-family home sales surged in September to their highest level in nearly 2 1/2 years, according to data released by the Commerce Department on Wednesday. Sales increased 5.7 percent to a seasonally adjusted 389,000 unit annual rate. And while August's sales figures were revised downward to a 368,000 unit pace from the previously reported 373,000 units, the median home price of a new home rose 11.7% from a year ago.

### *THURSDAY*

Initial jobless claims fell 23,000 to 369,000 for the week ending Saturday, down from a revised 392,000 the previous week, the Labor Department said Thursday. That figure was a major increase from the week before, when claims had unexpectedly plunged to a 4 1/2-year low of 342,000. The less volatile four week average increased slightly to 368,000.

Also on Thursday the Commerce Department announced that new factory orders for durable goods rebounded in September, increasing a strong 9.9%. The rise follows a sharp 13.1 percent drop in August. Aircraft orders, which are highly volatile month to month, were the biggest contributor to the surprisingly good September report. Excluding transportation, orders rose a much more modest 2.0 percent after decreasing 2.1 percent in August.

### *FRIDAY*

The nation's gross domestic product grew at a 2 percent annual rate in the third quarter according to the Commerce Department. The increase was slightly better than the rate of growth in the second quarter, but is substantially less than what most economists believe is necessary to get the unemployment rate back to the 4% rate associated with a strong economy. Increased spending by the federal government and by consumers were the principle reasons for the modest improvement.

### **TIDBITS**

Even though the "fiscal cliff" is still two months away, it has already cost the U.S. economy nearly 1 million jobs as employers lay off workers, delay purchases and leave vacant positions empty, according to a study by the National Association of Manufacturers. The study also predicts that if Congress fails to head off spending cuts and tax hikes scheduled to take effect January 1<sup>st</sup>, nearly 6 million jobs will disappear through 2014 and the jobless rate will rise close to 12%.

### **QUOTE OF THE WEEK**

One of the funny things about the stock market is that every time one person buys, another sells, and both think they are astute. - William Feather

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](mailto: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](http://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.