The Market Week in Review
For the Week Ending October 6, 2012

THE MARKETS

The stock market enjoyed a good week, as investors were encouraged by economic data that suggested the economy continues to slowly improve. Treasury yields remained near their all time lows as the yield on 10 year Treasuries closed the week at 1.67%. The big news this week from overseas came from the European Central Bank's Mario Draghi, who announced that their bond-buying program is ready to be launched. The news pushed both the Euro and the major European stock markets higher for the week. Next week, U.S. companies will start to release their 3rd quarter earnings reports.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	13,437.13	13,610.15	173.02	1.29%	11.40%
Nasdaq	3,116.23	3,136.19	19.96	0.64%	20.38%
S&P 500	1,440.67	1,460.93	20.26	1.41%	16.17%
Russell 2000	837.45	842.86	5.41	0.65%	13.76%

DAILY DEVELOPMENTS

MONDAY
The Commerce Department reported today that construction spending unexpectedly dropped 0.6% in August. It was the second straight monthly decline as declines in commercial and government projects outweighed the largest monthly increase in home building in three years. The median estimate of 43 economists surveyed by Bloomberg had predicted a 0.5 percent rise.

TUESDAY
Autodata announced Tuesday that sales of new cars grew by 13% in September, surpassing most forecasters' expectations by a large margin. Japanese and German manufacturers enjoyed the greatest improvement, but the Big Three (GM, Ford and Chrysler) also posted solid gains. Commentators pointed to cheap financing and the desire for better fuel economy as a big reason for the boost.

WEDNESDAY
Data released by the Institute for Supply Management on Wednesday indicated that the service sector of the U.S. economy continues to slowly improve. More specifically, the Institute for Supply Management's service index climbed to 55.1% in September from 53.7% in August, the 33rd straight month of expansion. The gains were driven by the highest level of new orders since March.

THURSDAY
New filings for unemployment benefits increased 4,000 to a seasonally adjusted 367,000 for the final week of September according to Labor Department figures released Friday. The 4 week average was unchanged at 365,000. The 4 week average for continuing claims was down 13,000 to 3.285 million.

Factory orders declined by 5.2% in August the Commerce Department said Thursday. Excluding transportation, new orders rose 0.7%. The decline in August was the second in the last 3 months and comes on the heels of a 2.6% gain in July. Shipments fell 0.3%, while inventories rose 0.6% to the highest level since at least 1992.

FRIDAY
Friday's nonfarm payrolls report revealed that the U.S. economy added 114,000 jobs in September. The new hires pushed the unemployment rate down to 7.9%, which is the lowest level it's been since President Obama took office. While the growth in employment can be described as lackadaisical at best, it was the first time in many months that a rate drop was triggered primarily by increased employment, as compared to people giving up on finding a job.

TIDBITS

> Despite historically low interest rates, the amount Americans have on deposit in savings accounts grew by 5% to $6.9 trillion. That's the highest level since the Federal Reserve started reporting the data in 1945. Nonetheless, nearly half of all Americans still do not have enough savings to cover three months of expenses, according to a recent Bankrate.com study.

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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