

The Market Week in Review
For the Week Ending September 29, 2012

THE MARKETS

Stocks suffered a second week of declines as investors continued to worry about the slowing global economy and whether governments would be able to implement measures to support growth. The decline this week was not enough however to prevent Wall Street from having a strong third quarter. The Dow was up 4.7%, the NASDAQ 6.4%, and the S&P 500 was up 5.8% for the quarter.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	13,579.47	13,437.13	-142.34	-1.05%	9.98%
Nasdaq	3,179.96	3,116.23	-63.73	-2.00%	19.62%
S&P 500	1,460.15	1,440.67	-19.48	-1.33%	14.56%
Russell 2000	855.51	837.45	-18.06	-2.11%	13.03%

DAILY DEVELOPMENTS

MONDAY

The Chicago Federal Reserve's National Activity Index for the month of August came in at -0.87 suggesting economic activity is continuing to slow. Last month's figure was revised up slightly from -0.13 to -0.12. The index's three month moving average decreased from -0.26 in July to -0.47 in August, its lowest level since June 2011 and its sixth consecutive reading below zero.

TUESDAY

The Conference Board said Tuesday that its Consumer Confidence Index rose to 70.3. That's up from 61.3 in August, which was revised higher. It's also the highest reading since February, when employers added 259,000 jobs and many thought the recovery was strengthening.

Standard & Poor's/Case Shiller index of home prices was also released Tuesday. It indicated that home prices increased 1.2 percent in July, compared to the same month last year, according to the index. That's the second straight year-over-year gain after two years without one. Low interest rates and fewer foreclosures were cited as the primary reasons for the increase.

WEDNESDAY

The National Association of Realtors announced Wednesday that its index of sales agreements dropped 2.6% last month to 99.2. The index had reached 101.9 in July, which was its highest level since April 2010. The decline was attributed to a rise in home prices.

On a related note, Freddie Mac said Thursday that the rate on the 30 year loan dropped to 3.4%. That's down from last week's rate of 3.49%, which was the lowest since long-term mortgages began in the 1950s.

THURSDAY

The Commerce Department reported on Thursday that durable goods orders dived 13.2 percent, the largest drop since January 2009, during the heart of the great recession. The decline reflected weak demand for aircraft and automobiles, as transportation orders fell 34.9 percent. Boeing reported only one aircraft order last month versus 260 in July.

Also on Thursday the Labor Department released data indicating that new applications for unemployment benefits decreased 26,000 to 359,000 for the week ended September 22nd. That's the lowest it's been since July. The median estimate of economists participating in a Bloomberg survey had predicted that there would be 375,000 new claims.

Finally, real GDP growth was unexpectedly revised down for the second quarter on Thursday. The Commerce Department is now estimating growth at a 1.3 percent annualized pace, compared to the second estimate of 1.7 percent and advance estimate of 1.5 percent. Analysts had been forecasting a 1.7 percent growth rate.

FRIDAY

Personal income increased \$15.0 billion, or 0.1 percent, and disposable personal income (DPI) increased \$12.5 billion, or 0.1 percent, in August, according to data released Friday by the Labor Department. Personal consumption expenditures (PCE) increased \$57.2 billion, or 0.5 percent. However, real disposable income decreased 0.3 percent in August, in contrast to an increase of 0.1 percent in July.

The Thomson Reuters/University of Michigan's final reading on consumer sentiment rose to 78.3 from 74.3 in August, the highest level since May. An improved housing market and growing labor market were cited as the primary reasons for the improvement. However, it's important to note that several economic indicators have weakened since the survey was taken.

TIDBITS

U.S. Treasury yields are in its longest losing streak in sixteen months, having fallen for eight straight sessions.

QUOTE OF THE WEEK

"There's no reason to be the richest man in the cemetery. You can't do any business from there."

Colonel Sanders

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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