

The Market Week in Review

For Week Ending August 24, 2013

THE MARKETS

Stocks started the week lower with both the Dow and the S&P 500 experiencing their first four day losing streak of the year. Treasury yields also hit fresh two year highs on Monday in the midst of ongoing fear that the Federal Reserve will taper its bond purchases in September. Stocks finished Tuesday higher but fell sharply in the final hour of trading on Wednesday, as investors appeared to become increasingly frustrated with the lack of clarity in the notes from the latest Fed policy meeting. Encouraging manufacturing data out of the U.S., China, and Europe on Thursday helped stocks overcome a technical problem that led to a three hour trading halt on the Nasdaq exchange, and all major indexes finished strongly in the green. Disappointing home sale numbers in July highlighted the ongoing weakness in the U.S. economy and gave investors confidence the Fed would hold off in reducing its bond purchases, which actually helped stocks finish with modest gains on Friday.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	15,081.47	15,010.51	-70.96	-0.47%	14.55%
Nasdaq	3,602.78	3,657.79	55.01	1.53%	21.14%
S&P 500	1,655.83	1,663.50	7.67	0.46%	16.64%
Russell 2000	1,024.30	1,038.24	13.94	1.36%	22.24%

DAILY DEVELOPMENTS

MONDAY

There were no major economic announcements on Monday.

Contact Us

- Our Website:
www.estatecounselors.com

- Our E-mail:
firm@estatecounselors.com

- Our Phone Number:
(262) 238-6996

- Our Address:
414 N. Main Street
Thiensville, WI 53092

TUESDAY

The U.S. economy continued to expand in July but at a rate that's "below its historical trend," according to Tuesday's update of The Chicago Fed National Activity Index. The index's three-month moving average, CFNAI-MA3, increased to -0.15 in July from -0.24 in June. July was also the fifth consecutive month the index came in at a reading below zero. (A zero reading for CFNAI-MA3 equates with economic conditions that match the historical trend.) However the modest improvement puts CFNAI-MA3 at the highest level since February.

WEDNESDAY

The seasonally adjusted annual rate of existing home sales in July increased by 6.5% to 5.39 million which is the highest level in almost four years, according to data released Wednesday by The National Association of Realtors. Economists had predicted sales to top off at 5.15 million. The median home price rose by 14%, the sharpest year-over-year gain in eight years.

THURSDAY

The number of new claimants for jobless benefits increased by 13,000 from a week earlier, according to data released by the Labor Department on Thursday. However, more importantly in our view is that the number of people applying for unemployment benefits in August fell to 355,000 which is the lowest that important statistic has been since November 2007. This could be a good sign for the U.S. economy because growth in employment, together with rising incomes should lead to better consumer confidence and spending, which accounts for about 70 percent of the economy.

Also on Wednesday the National Association of Realtors said existing home sales rose 6.5% in July, reaching their highest level in nearly four years. Homes sold at a 5.39 million seasonally adjusted annual rate, the group said, handily beating economists' forecasts of a 5.15 million. The sales rate was up 17% from the same month last year, the highest it's been since November of 2009.

FRIDAY

In sharp contrast to Thursday's existing home sales report, the Commerce Department reported Friday that sales of new single family homes dropped sharply in July to their lowest level since October of last year. Sales plunged 13.4 percent to an annualized rate of 394,000, and for the second straight month the report showed a major downward revision from the month prior. Even with the decline, sales in July were 6.8% higher than a year ago.

As a result of the low sales, supply eased to 5.2 months, up considerably from June's number of 4.3 months. The median home price dropped slightly by 0.5 percent from the month to \$257,000, which marks the lowest median price since January.

TIDBITS

Moody's has lifted its collective outlook on U.S. states to stable from negative, citing increasing revenues following improving labor and housing sectors, consumer confidence and stock-market performance. Credit quality is strong, with 30 states holding the two highest ratings, AAA or Aa1. Due to its massive pension gap, Illinois has the lowest rating among states, A3, while the local government outlook remains negative.

QUOTE OF THE WEEK

The time of maximum pessimism is the best time to buy and the time of maximum optimism is the best time to sell.
- John Templeton

We 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 Andy Willms at awillms@estatecounselors.com or Garrett Alabado at galabado@estatecounselors.com. If you would like to discuss how current market conditions could impact your investments, please feel free to call us at the number listed below.

Best regards,

Andy

Andrew J. Willms, J.D. LL.M.

Garrett

Garrett Alabado

Estate Counselors, LLC
414 N. Main Street
Thiensville, WI 53092
Phone (262) 238-6996
Fax (262) 238-6999
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 Counselors, 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.