ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending August 31, 2013

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

THE MARKETS

Escalating worries over a potential U.S. military strike in Syria combined with ongoing concern that the Federal Reserve will taper its bond purchases in September combined to create a volatile stock market this week. Prices struggled early in the week but bounced back mid week after a jump in oil prices boosted energy stocks and better than expected GDP numbers pushed the market into positive territory. Stocks ended the month of August on a down note Friday as both the Dow Jones and the S&P 500 posted their worst monthly performance since May of 2012.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	15,010.51	14,810.31	-200.20	-1.33%	13.02%
Nasdaq	3,657.79	3,589.87	-67.92	-1.86%	18.89%
S&P 500	1,663.50	1,632.97	-30.53	-1.84%	14.50%
Russell 2000	1,038.24	1,010.90	-27.34	-2.63%	19.02%

DAILY DEVELOPMENTS

MONDAY

The Commerce Department reported Monday that durable goods orders struggled in July and experienced their worst monthly decline in nearly a year. New factory orders for durables plunged 7.3 percent following a 3.9 percent gain in June, and came in well below the forecasted decline of 4.0 percent. The transportation component led the decline by dropping 19.4 percent after a solid gain of 11.7 percent the month prior. After removing the volatile transportation component, durable orders were still down 0.6 percent, which shows further weakness in the manufacturing sector.

TUESDAY

This month's consumer confidence report showed mixed results with the composite index inching up from 81.0 in July to 81.5. Weakness was shown in the present situation component which declined from 73.6 to 70.7, and in buying plans for new homes, which were down on recent increases in mortgage rates. Positives from the report included the outlook on income, which is up to its highest level in two and a half years, and consumer's outlook on business and conditions and the jobs market. One year inflation expectations remained stable with a slight increase from 5.5 to 5.6 percent.

Home prices continued to gain in June as shown by a 0.9 percent gain in the S&P Case-Schiller home price index. However, this is below the average monthly gain of 1.4 percent from January to May. The year over year gain remained strong at 12.0 percent, but came in slightly below May's number of 12.2 percent.

WEDNESDAY

Rising mortgage rates and home prices are negatively impacting the sales of existing homes, said the National Association of Realtors on Wednesday. The 1.3 percent decline in the pending home sales index in July was below the forecast of a 1.0 percent decline, and was a further deterioration from June's decline of 0.4 percent. The weakness in pending home sales points to trouble in final home sales in the coming months because it takes up to two months to close on pending sales.

THURSDAY

Initial jobless claims fell by 6,000 to 331,000 last week, as reported by the Labor Department on Thursday. While the four week average rose slightly to 331,250 from 330,500, the monthly trend showed some improvement with a decline of 10,000. Continuing claims also improved slightly with a decline of 14,000 for the August 17th week to 2.989 million. While the unemployment rate for insured workers held steady at 2.3 percent.

The real GDP growth rate for the second quarter was revised to 2.5 percent, up significantly from the initial estimate of 1.7 percent. The revision was mainly due to an increase in net exports and improvements to inventories and nonresidential structural investment. When compared to the first quarter's GDP number, the second quarter showed improvements in personal consumption expenditures, exports, private inventory investment, nonresidential fixed investments and residential fixed investments. The headline GDP inflation number was revised to 0.8 percent from 0.7 percent.

FRIDAY

Personal income and consumer spending were flat in July as shown by 0.1 percent gains in each. Personal income was hit hardest by the wages and salaries component which declined 0.3 percent after gaining 0.4 percent in June. Weakness in personal spending was led by a 0.2 percent decline in durables following a sizeable gain of 0.9 percent the previous month. The headline inflation number eased from June's jump of 0.4 percent by increasing only 0.1 percent in July.

TIDBITS

Crude oil and gas prices spiked this week on increased fear that a U.S. military strike on Syria could cause disruption in the oil supply in the Middle East. Some experts predict a short-term surge in gas prices of up to 10 cents a gallon.

QUOTE OF THE WEEK

We always live in an uncertain world. What is certain is that the United States will go forward over time.
- Warren Buffett

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 *Garrett*

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

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