

# The Market Week in Review

For Week Ending December 14, 2013

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## THE MARKETS

Equity prices declined for the second week in a row as speculation regarding when the Federal Reserve will begin tapering its stimulus plan clouded the markets. Investors were reluctant to take positions early in the week with little economic data available to guide them. Trading volume is expected to remain sluggish ahead of the two day Federal Open Market Committee meeting that starts next Tuesday. Hopefully a clear indication as to the Fed's plans will come at the end of the meeting.

Oil reversed from last week's gain by falling almost 1 percent for the week to \$96.90 per barrel. The U.S. dollar held steady against currencies of its major trading partners and gold rebounded from its recent decline with a gain of 0.8 percent, to \$1,234 an ounce.

Index	Started	Ended Week	Change	% Change	YTD %
DJIA	16,020.20	15,755.36	-264.84	-1.65%	20.23%
Nasdaq	4,062.52	4,000.98	-61.54	-1.51%	32.50%
S&P 500	1,805.09	1,775.32	-29.77	-1.65%	24.48%
Russell 2000	1,131.38	1,107.05	-24.33	-2.15%	30.34%

## DAILY DEVELOPMENTS

### MONDAY

There were no major economic announcements on Monday.

*TUESDAY*

The National Federation of Independent Business (NFIB) small business optimism index increased slightly from October's 91.6 reading to 92.5 in November. Plans to increase employment along with current job openings led the gains for the month. However small business employment increased by just 0.05 workers per company last month, which was half of October's number.

*WEDNESDAY*

The Treasury Department released its budget on Thursday. It showed that the government's deficit continues to drop sharply, down to \$135.2 billion in November as compared to \$172.1 billion last November. Last year's payroll tax hikes combined with a 10 percent reduction in defense spending year to date are the primary drivers of the 22 percent reduction in the annual deficit so far in fiscal 2014.

*THURSDAY*

The Labor Department reported on Thursday that initial jobless claims spiked by 68,000 to 368,000 last week. The increase follows an unexpected drop of 23,000 the week prior. This resulted in initial claims reaching their highest point since the government shutdown in early October. Continuing claims were mixed with the weekly numbers up 40,000 to 2.791 for the November 30<sup>th</sup> week and the four week average declined 4,000 to 2.794 million. The volatility in claims is not unexpected during the holiday season.

Retail sales have been better than expected so far this holiday with a 0.7 percent increase in overall retail sales in November following October's 0.6 percent rise. Autos led sales with a 1.8 percent gain, and overall sales were still up 0.4 percent when excluding autos. Notable gains in the core components included furniture and home furnishings, electronics and appliance stores, and building materials. Declines were experienced in food and beverage stores and in clothing and accessories.

*FRIDAY*

A nominal increase in November's Producer Price Index (PPI) of 0.1 percent gave further evidence that inflation remains soft at the producer level. The core rate, which excludes food and energy, rose just 0.1 percent after increasing 0.2 percent in October. Weakness was exhibited in energy and gasoline which declined 0.4 percent and 0.7 percent respectively. The year over year overall PPI rate increased from 0.3 percent in October to 0.7 percent and the core rate eased from 1.4 percent to 1.3 percent.

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## TIDBITS

The House of Representatives passed a budget compromise aimed at preventing any government shutdown for two years. The measure passed by 332-94 in a rare bipartisan vote. Wisconsin Representatives played a lead role in crafting the compromise. If adopted the compromise will blunt the effect of automatic spending cuts previously enacted by Congress but it will not reduce the budget deficit or reform U.S. tax law, which is upsetting to the more conservative House members. The Senate is expected to approve the deal next week.

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## QUOTE OF THE WEEK

The inherent vice of capitalism is the unequal sharing of the blessings.  
The inherent blessing of socialism is the equal sharing of misery.  
- Winston Churchill

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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](mailto:awillms@estatecounselors.com) or Garrett Alabado at [galabado@estatecounselors.com](mailto: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

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