

The Market Week in Review

For the Week Ending February 2, 2013

THE MARKETS

Stocks started the week mixed after news broke that the economy contracted in the fourth quarter of last year, but finished the week strong on better than expected jobs data. Despite finishing down on the final trading day of January, the S&P and Dow finished the month with terrific gains of 6 and 5 percent respectively. This marks only the eleventh time in history the S&P has finished with a gain of over 5 percent in January. All three indexes were up over 1 percent on Friday and the Dow finished over the 14,000 mark for the first time in over five years and is less than 200 points from its all time high.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	13,895.98	14,009.79	113.81	0.82%	6.91%
Nasdaq	3,149.71	3,179.10	29.39	0.93%	5.29%
S&P 500	1,502.96	1,513.17	10.21	0.68%	6.10%
Russell 2000	905.24	911.20	5.96	0.66%	7.28%

DAILY DEVELOPMENTS

MONDAY

December's durable goods orders showed that manufacturing is regaining its momentum the Commerce Department said on Monday. New factory orders for durable goods saw a boost of 4.6 percent after a 0.7 percent increase in November. The gains were broad based but the transportation component lead the way with an 11.9 percent jump, following a 0.5 percent dip in November.

The National Association of Realtors reported a decrease in pending home sales of 4.3 percent in December which is down 6.9 percent compared to a year ago. Limited supply continues to put the brakes on an otherwise robust housing recovery, and Monday's numbers caused some uncertainty about home sale numbers throughout the year. On the other hand, restricted supply continues to put upward pressure on home prices which is expected to be a big plus for the economy in 2013.

TUESDAY

Consumer confidence unexpectedly dropped by 8.1 points this month to 58.6 which marks the lowest level since the debt ceiling debacle in 2011. Despite largely averting the fiscal cliff at the beginning of the year, consumers are now leery because of the rise in payroll taxes that were part of the fiscal cliff deal. Also weighing down the number is consumers' assessment of the jobs market and higher gas prices.

WEDNESDAY

The economy weakened significantly during the fourth quarter of 2012 as reported by the Commerce Department on Wednesday. The annualized decrease of 0.1 percent was dreadfully low and marks the first quarterly decline since 2009. The decline was largely due to slowing inventory investment and a sharp drop in government purchases.

THURSDAY

The Labor Department reported a boost of 38,000 in jobless claims to 368,000 last week. This is the second consecutive week with large swings which makes the report an unreliable gauge for the employment report. The four week average does show some signs of improvement with a 7,000 decline to 352,000. Continuing claims also increased, up by 22,000, to 3.197 million.

FRIDAY

The jobs data released by the Labor Department on Friday showed that employment grew in January but did so at a pace lower than the jobless rate, and as a result unemployment increased to 7.9 percent. Nonfarm payroll jobs increased modestly by 157,000 following a gain of 196,000 in December, and fell below the 160,000 increase that economists were looking for.

Manufacturing is showing signs of solid growth said the Institute for Supply Management (ISM) on Friday. The Purchasing Managers Index (PMI) reached 53.1 in December and all five components of the index finished above the key 50 level. This is best rate of monthly growth since May of last year.

TIDBITS

On Thursday the Senate approved legislation to increase the debt limit. The agreement suspends the \$16.4 trillion limit on federal borrowing through March 18th of this year and allows for approximately \$450 billion in additional debt. The focus now turns to the automatic spending cuts set to take place in March.

QUOTE OF THE WEEK

"More money is probably lost by people who attempt to invest their money conservatively and sanely, but ignorantly, than is lost by those who enter into frank speculations."

-John Moody

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

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