

## The Market Week in Review

For the Week Ending January 12, 2013

### THE MARKETS

Stocks were a little shaky this week as investors awaited the kick off to the fourth-quarter earnings season. While it is anticipated that earnings will be better than the last quarter's lackluster numbers, investors remained cautious as estimates have been lowered considerably over the past few months. After finishing down on Monday and Tuesday on below average trading volume, stocks bounced back on Wednesday to finish positive after Alcoa kicked off the earning season by meeting its earning target and topping revenue expectations. The S&P 500 closed at a five-year high on Thursday after news that the recession in Europe is not worsening and growth in China is accelerating suggesting the global economy is improving. With the majority of earnings reports set to release next week, investors remained cautious on Friday and the market finished relatively flat.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	13,435.21	13,488.43	53.22	0.40%	2.93%
Nasdaq	3,101.66	3,125.63	23.97	0.77%	3.51%
S&P 500	1,466.47	1,472.05	5.58	0.38%	3.22%
Russell 2000	879.15	880.77	1.62	0.18%	3.70%

### DAILY DEVELOPMENTS

#### MONDAY

There were no major economic announcements on Monday.

#### TUESDAY

The NFIB Small Business Optimism Index for December was released on Tuesday. It edged 1/2 point higher in December. But the current reading of 88.0 is still very low and consistent with readings seen during a recession. Taxes and regulations were listed as the top two areas of concern, followed closely by low sales volume. But sales expectations nevertheless did improve as did earnings trends. Employment in the sample remains flat with demand for credit weak. Unfortunately a majority of the survey participants feel it's a bad time to expand.

#### WEDNESDAY

The Department of Energy reported on Wednesday that the demand for petroleum softened during the first week of January, and as a result inventories for oil and gasoline are building. Oil inventories increased by 1.3 million barrels for the January 4<sup>th</sup> week to 361.3 million and are considered to be above their upper limits. The downward pressure on oil

and gas prices is expected to continue until demand picks up and inventories start to decline.

#### *THURSDAY*

Jobless claims rose slightly during the holiday shortened week of January 5<sup>th</sup> the Labor Department announced on Thursday. Total claims were up to 371,000 following last week's revised number of 367,000, after a second straight week of 4,000 increases. The data from the December 29<sup>th</sup> week showed a significant drop of 127,000 in continuing claims while initial claims increased slightly. The lingering effects of Hurricane Sandy and the holiday season limit the usefulness of these numbers as a gauge for the labor market.

#### *FRIDAY*

The trade deficit increased unexpectedly by 16 percent in November to 48.7 billion up from \$42.1 billion in October. Data released by the Commerce Department indicated that exports bounced back from a 3.5 percent drop in October and increased by 1.0 percent in November, while imports increased by 3.8 percent following a 2.1 decline the prior month. The widening deficit was attributable to a surge in imports that was mainly caused by a surge in iPhone sales. This was a one-time event and a trend that is not expected to continue.

#### **TIDBITS**

The results of a recent report released by Zillow, a real-estate and mortgage website, showed that nearly one third of homeowners in America owe nothing on their mortgage and own their homes outright. At the same time nearly one third of homeowners owe more on their home than it's worth. As home prices rise and "underwater" borrowers are able to sell their homes, it is expected that existing home sales will see a noticeable uptick.

#### **QUOTE OF THE WEEK**

"It's not how much money you make, but how much money you keep, how hard it works for you, and how many generations you keep it for."

- Robert Kiyosaki

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](mailto: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,

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