

The Market Week in Review

For Week Ending July 20, 2013

THE MARKETS

The stock market had another positive week as investors digested earnings reports and another speech from Federal Reserve Chairman Ben Bernanke. Financials led the way on Monday with a number of major banks posting better than expected earnings; however, the results from other major industries were mixed. Stocks pulled back on Tuesday ahead of Bernanke's testimony, but bounced back on Wednesday after Bernanke's speech revealed no major changes to the Fed's bond buying program. The Dow Jones and the S&P 500 hit new all-time highs on Thursday amid positive earnings reports from a number of major companies, but finished the week flat after disappointing earnings in the technology sector.

Index	Started	Ended	Change	% Change	YTD %
DJIA	15,464.30	15,543.74	79.44	0.51%	18.62%
Nasdaq	3,600.08	3,587.61	-12.47	-0.35%	18.81%
S&P 500	1,680.19	1,692.09	11.90	0.71%	18.64%
Russell 2000	1,036.52	1,050.48	13.96	1.35%	23.68%

DAILY DEVELOPMENTS

MONDAY

The Department of Commerce reported Monday that retail sales posted a disappointing gain of 0.4 percent in June and came in below analysts' expectations of a 0.8 percent increase. Business inventories inched up 0.1 percent higher in May following a 0.2 percent revised gain in April. While business inventories rose slightly, they still lagged relative to sales with the inventory to sales ratio decreasing to 1.29 versus 1.30 in April and March.

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TUESDAY

The Consumer Price Index (CPI) jumped 0.5 percent in June following a modest increase of 0.1 percent the month prior. The increase was led by spikes in energy and gasoline prices of 3.4 percent and 6.3 percent. The core CPI, excluding food and energy, matched May's increase of only 0.2 percent. The overall year over year CPI inflation increased to 1.8 percent, up from 1.4 percent in May.

Industrial production bounced back in June after finishing flat in May and declining in April. Overall production increased by 0.3 percent in June and beat expectations of a 0.2 percent gain. The largest gainers for the major durables components were machinery, miscellaneous manufacturing, and for automobiles. Declines were seen in wood products, primary metals, aerospace and transportation.

WEDNESDAY

Housing starts pulled back sharply in June due to a drop in the multifamily component of 26.2 percent and abnormally wet weather. Starts plunged by 9.9 percent following May's spike of 8.9 percent, and June's annualized number of 0.836 million was well below the forecast of 0.951 million. The decline in the multifamily component also caused permits to drop by 7.5 percent following a decline of 2.0 percent the month prior.

The Federal Reserve's Beige Book released on Wednesday showed that overall economic activity increased at a moderate pace since the last survey was released. Manufacturing expanded and most Districts reported increases in new orders, shipments and production. The fact that the report showed inflation remained low and the labor market is still fragile, suggests the Fed will not be tapering their bond purchases anytime soon.

THURSDAY

The Labor Department reported Thursday that initial jobless claims fell by 24,000 last week to 334,000. Summer layoffs and retooling in the auto industry are expected to cause volatility in the jobless claims numbers in the coming weeks. Continuing claims showed their first retraction in a number of months by increasing 91,000 to 3.114 million, while the unemployment rate for insured workers inched up from 2.3 to 2.4 percent.

FRIDAY

There were no major economic announcements on Friday.

TIDBITS

On Thursday Detroit became the largest city in U.S. history to file for bankruptcy, as the state-appointed emergency manager filed for Chapter 9 protection.

QUOTE OF THE WEEK

The most important single central fact about a free market is that no exchange takes place unless both parties benefit.
- Milton Friedman

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,

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