

The Market Week in Review

For Week Ending June 22, 2013

THE MARKETS

Stocks were up sharply early on Monday following a global market rally, but pulled back to finish the day with modest gains after a report released from the Financial Times indicated the Federal Reserve is close to tapering its bond buying program. The rally continued Tuesday as investors anticipated a positive outcome to the Federal Reserve's two day policy meeting. Stocks pulled back significantly on Wednesday and Thursday after Fed Chairman Ben Bernanke hinted that the Fed may taper its bond purchasing later this year. The stock market bounced back Friday following the two day sell off to finish the day positive, but stocks still finished the week with their worst one week loss since mid-April. Bonds also declined for the week as the rate on the 10 year Treasury rose to over 2.5 percent. This week was a clear signal that the Fed's policies will continue to drive market volatility in the near term.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	15,070.18	14,799.40	-270.78	-1.80%	12.94%
Nasdaq	3,423.56	3,357.25	-66.31	-1.94%	11.19%
S&P 500	1,626.73	1,592.43	-34.30	-2.11%	11.66%
Russell 2000	981.38	963.68	-17.70	-1.80%	13.46%

DAILY DEVELOPMENTS

MONDAY

The National Association of Home Builders (NAHB) market index is up sharply for the month by 8 points to 52. This marks the largest monthly gain since 2002 and the index is above 50 for the first time since the housing boom in 2006. A reading above 50 signifies that home builders as a group are confident that the housing market will continue to improve.

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

TUESDAY

The consumer price index (CPI) was essentially unchanged in May with a 0.1 percent increase following a decline of 0.4 percent in April. The core CPI, which excludes food and energy, was up 0.2 percent following a 0.1 percent increase the month prior. The year over year CPI inflation was up from 1.1 percent in April to 1.4 percent in May.

Housing starts bounced back in May by 6.8 percent following a steep decline of 14.8 percent in April. May's annualized number of 0.914 million came in slightly below analysts' forecast of 0.955 million, but was up 28.6 percent year over year. The gain was led by the multifamily component which jumped 21.6 percent while the single family component was up 0.3 percent.

WEDNESDAY

Federal Reserve Chairman Ben Bernanke indicated in a press conference on Wednesday that any change in policy will depend on economic data and that if incoming data matches the current forecast that the Fed could taper its bond buying program later this year. He also mentioned that any tapering would be gradual and any significant changes to its current policy will be far in the future.

THURSDAY

The Labor Department reported Thursday that initial jobless claims jumped unexpectedly in the June 15th week by 18,000 to 354,000, which is 10,000 higher than the May 18th reading. Continuing claims were mixed but did show a 40,000 decline to 2.951 million and the four week average increased by 7,000 to 2.979. The unemployment rate for insured workers held steady at 2.3 percent.

Existing home sales jumped 4.2 percent in May to an annual rate of 5.18 million. Single-family home sales showed the biggest advancement with a 5.0 percent gain in May following a 1.2 percent increase the month prior. Rising home prices continue to boost sales which are at their highest levels since the home buyer stimulus program in 2009.

FRIDAY

There were no major economic announcements on Friday.

TIDBITS

President Obama announced Monday that negotiations for the trans-Atlantic trade deal will begin next month. The trade agreement between the U.S. and the 27 countries in the European Union will allow EU companies to sell an additional \$250 billion of goods and services per year to the U.S.

QUOTE OF THE WEEK

Opportunity is missed by most people because it is dressed in overalls and looks like work.
- Thomas Edison

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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