ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending June 29, 2013

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THE MARKETS

Stocks slumped on Monday following a sell-off in the Chinese stock market combined with renewed fears that the Fed will trim its bond program later this year. The markets bounced back on Tuesday to erase most of Monday's losses after a batch of economic reports helped investors overcome concerns over the credit crunch in the Chinese market. The rally continued on Wednesday and Thursday after weaker than expected GDP numbers gave investors confidence that the Fed would not decrease its stimulus in the near future combined with a string of better than expected economic reports. Trading for the week, the month, and the quarter came to a close on Friday with stocks finishing down for the day and for the month but positive for the quarter. Despite the market correction in June, stocks finished with their best first half of the year performance since 1999.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	14,799.40	14,909.60	110.20	0.74%	13.78%
Nasdaq	3,357.25	3,403.25	46.00	1.37%	12.71%
S&P 500	1,592.43	1,606.28	13.85	0.87%	12.63%
Russell 2000	963.68	977.48	13.80	1.43%	15.09%

DAILY DEVELOPMENTS

MONDAY

Responding to the largest public protest in 20 years, on Monday Brazilian President Dilma Rousseff proposed spending $22 billion to improve public transportation and earmarking future oil revenue to bring doctors into the country and improve education. “The streets are telling us that the country wants quality public services, more effective measures to combat corruption ... and responsive political representation,” she said.

TUESDAY

A 3.6 percent gain in durable goods orders for each of the past two months suggests that manufacturing is regaining some momentum. The gain was lead by the transportation component which jumped 10.2 percent in May following an 8.3 percent increase in April. Other than fabricated metals, all other major components showed solid gains in May.

The housing market continues to show strength as indicated by May's better than expected new home sales number of 476,000. Supply is picking back up as home builders are increasing output to meet the increase in demand. Supply rose by 4,000 to 161,000 in May, and the new homes monthly supply number was at 4.1 months, up from 4.0 months in April. The median home price dropped by 3.2 percent to $263,900 in May following a spike in April of 6.9 percent, but the year over year gain remained in double digits at 10.3 percent.

WEDNESDAY

The nation's GDP grew by just 1.8 % in the first quarter of 2013, which was well below the original estimate. The slower rate of growth was primarily due to a drop in personal consumption and nonresidential fixed investment. Final sales for domestic producers came in at 1.3 percent and the headline GDP inflation was at 1.2 percent.

THURSDAY

The Labor Department reported Thursday that initial jobless claims fell 9,000 to 346,000 last week, which brings the four week average down by 2,750 to 345,750. Continuing claims also improved with a 1,000 decline to 2.965 for the June 15th week, and the four week average dropped 10,000 to 2.973 million. The unemployment rate for insured workers has been stuck at 2.3 percent for the past 5 weeks.

The consumer sector advanced in May with improvements in both income and spending. Personal income rose 0.5 following a 0.1 percent increase the month prior, and was led by a 0.3 percent increase in the wages and salaries component. Consumer spending rebounded from a 0.3 percent decline in April by increasing 0.3 percent in May, and was led by a gain in durables. Inflation edged up by just 0.1 percent and year over prices are up only 1.0 percent.

FRIDAY

The University of Michigan Consumer Sentiment Index improved in late June, closing the month at 84.1. The expectations component showed the most strength with a 2 point gain to 77.8, indicating increased confidence in personal income growth. To put that reading in context, the Michigan average since its inception is 85.2. During non-recessionary years the average is 87.6. The average during the five recessions is 69.3. So the latest sentiment number puts us about 15 points above the average recession level and 3 points below the non-recession average.

TIDBITS

The People's Bank of China (PBOC) said on Tuesday that it will guide interest rates to reasonable levels after the spike over the past two weeks. They are encouraging lenders to slow down their high credit growth that has created the potential credit crunch.

QUOTE OF THE WEEK

The social object of skilled investment should be to defeat the dark forces of time and ignorance which envelope our future.

- John Maynard Keynes

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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