

The Market Week in Review

For Week Ending June 8, 2013

THE MARKETS

A volatile week in the stock market started with modest gains on Monday despite lackluster manufacturing numbers. Stocks slumped on Tuesday and Wednesday amid continued concerns about the future of the Fed's bond buying policy combined with reports showing that economic growth has slowed in the U.S. The market finished the week with strong gains on better than expected employment data. Friday's gains were enough to push the market into positive territory for the week and all of the S&P 500 industry groups finished the week positive with financial stocks having the largest gains.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	15,115.57	15,248.12	132.55	0.88%	16.36%
Nasdaq	3,455.91	3,469.21	13.30	0.38%	14.89%
S&P 500	1,630.74	1,643.38	12.64	0.78%	15.23%
Russell 2000	984.15	987.62	3.47	0.35%	16.28%

DAILY DEVELOPMENTS

MONDAY

According to the Institute of Supply Management the Purchasing Managers Index (PMI) fell to 49 percent in May and new orders dropped considerably from 52.3 in April to 48.8 percent. The Production Index also slumped to 48.6 percent down from 50.1 percent the month prior, and the Employment Index was relatively flat at 50.1 percent. This signals the first contraction in manufacturing since November of last year and the weakest overall activity since June of 2009.

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TUESDAY

The U.S. trade gap grew from \$37.1 billion in March to \$40.0 billion in April. The worsening trade gap was primarily due to the nonpetroleum goods deficit which expanded \$4.1 billion to \$37.8 billion in April. Exports were led by consumer goods which increased \$2.0 billion, followed by a \$0.9 billion gain in capital goods, excluding autos. Import and export data suggests that businesses are expecting an increase in consumer spending.

WEDNESDAY

The Federal Reserve released the Beige Book Wednesday which indicated that overall economic activity expanded at a “modest to moderate pace” since April’s release. Residential real estate and construction activity showed a moderate to strong growth rate in all districts.

THURSDAY

The job market continues to improve ever so slowly. Continuing jobless claims decreased by 52,000 but the 4 week average of the number of first time applicants for unemployment benefits increased by 10,000 to 352,500. It was the fourth straight weekly increase for the 4 week average. The decreasing trend in continuing claims could be attributable to expiring benefits which force the number of people receiving benefits to decline even as the number of unemployed remains mostly unchanged.

FRIDAY

The May payroll jobs report came in a little higher than expected but modest revisions offset the initial optimism. Total payroll jobs in May increased 175,000 and the unemployment rate increased 0.1% to 7.6%. The labor force increased to 420,000. The May employment situation is consistent with expectations with slight disappointments coming from the unemployment rate and wage data.

TIDBITS

Freddie Mac said the average rate for a 30-year fixed mortgage rose to 3.91% this week, while interest-rate aggregator Bankrate puts the figure at 4.1%. There seems little reason to believe that rates will return to the historic lows enjoyed earlier this year any time soon.

QUOTE OF THE WEEK

I have found no greater satisfaction than achieving success through honest dealing and strict adherence to the view that, for you to gain, those you deal with should gain as well.

-- Alan Greenspan

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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