

The Market Week in Review

For the Week Ending March 16, 2013

THE MARKETS

The momentum from last week's stock market rally continued this week as positive investor sentiment helped push all 4 of the major indexes higher for the week. However the Dow Jones snapped its 10 day winning streak on Friday after a disappointing consumer sentiment report.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	14,397.07	14,514.11	117.04	0.81%	10.76%
Nasdaq	3,244.37	3,249.07	4.70	0.14%	7.60%
S&P 500	1,551.18	1,560.70	9.52	0.61%	9.43%
Russell 2000	942.50	952.48	9.98	1.06%	12.14%

DAILY DEVELOPMENTS

MONDAY

There were no major economic announcements on Monday.

TUESDAY

National Federation of Independent Business (NFIB) announced on Tuesday that its Small Business Optimism Index improved 0.9% in January to 88.9. The increase was led by increases in the economic outlook and earnings trend. Hiring and plans for job creation also improved. Nonetheless, the index remained at near historic lows.

WEDNESDAY

The Department of Commerce reported on Friday that despite the payroll tax increases at the beginning of the year retail sales showed strength in February with an increase of 1.2% following a 0.2% in January. The boost was lead by gasoline sales which jumped 5.0% on higher gas prices, and by auto sales which increased by 1.1% following a 0.3% decline in January. The consumer sector is improving more than expected and it appears improvements in the labor market are helping to offset the payroll increases.

Both import and export prices were up considerably in February as reported by the Labor Department on Wednesday. More specifically import prices rose by 1.1% while export prices increased by 0.8%. The increase in import prices was driven by more costly petroleum products while the increase in export prices was mainly due to agricultural products which jumped 2.0% in February. The year on year rate for agricultural products spiked last month to 13.4% due to the drought in the Midwest.

THURSDAY

Initial claims for unemployment benefits in the U.S. decreased by 10,000 last week, to an adjusted 332,000, the third consecutive week of decline, the Labor Department said on Thursday. Economists had expected an increase to 350,000. The four week rolling average, regarded by most as a better indicator of labor market conditions, reached its lowest level in five years. Continuing claims, which were down 89,000 for the March 2nd week to 3.098 million, are also at a recovery low and continue to trend lower. The unemployed rate for insured workers has been stagnant at 2.4% for the past few weeks.

The producer price index increased by 0.7% in February said the Labor Department on Thursday. February's increase follows a rise of 0.2% in January. The headline PPI number increased as a result of rising energy costs, which jumped 3.0% in February after a 0.4% decline the prior month. Gasoline spiked 7.2% following a decline of 2.1% in January. The core rate, which excludes food and energy, registered an increase of 0.2%.

FRIDAY

The Labor Department reported on Friday that the consumer price Index increased 0.7 percent in February following no change in January. Similar to Thursday's PPI number, Friday's CPI number increased as a result of a spike in energy costs, which were up 5.4 percent in February. The core CPI rate, which excludes food and energy, decreased by 0.2 percent following a considerable increase of 0.3 percent the month prior. The year over year CPI inflation number increased to 2.0 percent in February up from 1.6 percent in January.

Friday's industrial production report showed an improvement in manufacturing during February. The Federal Reserve Board of Governors reported a spike in industrial production of 0.7 percent in February following no change the month prior. Market expectations were for a 0.5 percent gain. The manufacturing component led the way with a 0.8 percent increase after declining by 0.3 percent in January. The improvements in production should increase the GDP estimates for the first quarter of 2013.

TIDBITS

On Thursday many of the largest banks in the U.S. were given the green light from the Federal Reserve to begin to return profits to Shareholders. Surprisingly, two of the largest banks in the U.S., JP Morgan Chase and Goldman Sachs, were given the yellow light and must submit new plans to regulators before returning profits to shareholders.

QUOTE OF THE WEEK

"In this country, the expectation is that every generation does better than the previous generation. This is no longer the case. This generation might have less."

– Singe-Mary McKernan, an author of a study on the financial outlook for young adults.

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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