

The Market Week in Review

For the Week Ending May 11, 2013

THE MARKETS

Another strong week in the stock market resulted in the Dow Jones Industrial Average and the S&P 500 hitting new record highs. The stock market started the week slowly but picked up steam on Tuesday and continued its upward momentum on Wednesday as investor optimism pushed the market to new all time highs after positive economic results from Germany and another batch of positive earnings reports in the U.S. Stocks cooled off at the end of the week by finishing down slightly on Thursday and managing modest gains on Friday. All three major indexes have posted weekly gains for three weeks in a row.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	14,973.96	15,118.49	144.53	0.97%	15.37%
Nasdaq	3,378.63	3,436.58	57.95	1.72%	13.81%
S&P 500	1,614.42	1,633.70	19.28	1.19%	14.55%
Russell 2000	954.42	975.16	20.74	2.17%	14.81%

DAILY DEVELOPMENTS

MONDAY

On Monday the U.S. Senate voted 69-27 to pass a bill authorizing states to collect sales tax on online transactions, even if the seller has no physical presence in the state. While the bill would allow states to do this it does not require them to do so. It would also exempt merchants with online annual out of state sales of \$1 million or less.

TUESDAY

China had a trade surplus of \$18.16 billion in April, according to an announcement by its Customs Administration on Tuesday. The amount of the reported surplus was well above the \$15.1 billion the market expected. Some analysts have suggested that the figure announced may have been exaggerated by export firms bringing in funds disguised as trade payments to circumvent China's restrictions on inbound capital flows.

WEDNESDAY

Oil inventories rose by 0.2 million in the May 3rd week to a record high 395.5 million barrels. Increasing domestic output helped offset decreasing imports and an increase in refinery inputs. Rising inventories combined with soft demand are a negative sign for oil prices which fell 50 cents to \$96 a barrel after Wednesday's report.

THURSDAY

The Labor Department reported Thursday that initial jobless claims fell by 4,000 last week to their lowest level since 2008. The seasonally adjusted number of 323,000 was below the consensus estimate of 335,000. The four week average has fallen for the past three weeks and decreased by 6,250 to 336,750. Continuing claims also continued to improve by falling 27,000 to 3.005 million, and the four week average is down 25,000 to 3.034 million. The unemployment rate of insured workers held steady at 2.3 percent for the third straight week.

FRIDAY

The Treasury budget released on Friday showed that individual income tax collections were up 35 percent on a year over year basis as a result of the increase in payroll taxes that took effect this year. Overall spending for this year has been relatively flat, but defense spending is down 4.9 percent and Medicare spending is up 11.7 percent. April's budget surplus of \$112.9 billion reduced the government's debt to \$487.6 billion, which is 32 percent lower than the deficit one year ago.

TIDBITS

Loan demand is increasing and banks are easing lending requirements, according to the Federal Reserve. A survey of senior loan officers found that 19% of banks have relaxed standards for large borrowers.

QUOTE OF THE WEEK

Never bet on the end of the world. It only happens once.
--Art Cashin

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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