

The Market Week in Review

For Week Ending May 25, 2013

THE MARKETS

The stock market took a step back this week, with all 4 of the major indexes ending the week in the red. Given the large gains stocks have enjoyed so far this year, traders seemed to adopt a defensive posture and a suggestion on Wednesday by the Federal Reserve that it might scale back its bond purchases (discussed below) was enough of an excuse for some jittery investors to pull back on their commitment to equities. Nonetheless, most of the economic news released during the week was quite positive.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	15,354.40	15,303.10	-51.30	-0.33%	16.78%
Nasdaq	3,498.97	3,459.14	-39.83	-1.14%	14.56%
S&P 500	1,667.47	1,649.60	-17.87	-1.07%	15.66%
Russell 2000	996.28	984.28	-12.00	-1.20%	15.89%

DAILY DEVELOPMENTS

MONDAY

Congressional investigators disclosed on Monday that between 2009 and 2012 Apple legally avoided U.S. taxes on at least \$74 billion of income through a web of offshore subsidiaries more complex than financial experts said they have ever seen before. Some of the offshore entities had no employees and were run directly from Apple's California headquarters.

Contact Us

- Our Website:
www.estatecounselors.com
- Our E-mail:
firm@estatecounselors.com
- Our Office:
(262) 238-6996
- Our Address:
414 N. Main Street
Thiensville, WI 53092

TUESDAY

Japanese exports increased 3.8% last month compared with April 2012. The increase was less than economists had been expecting, notwithstanding Prime Minister Shinzo Abe's stimulus policies that have driven the yen to a 4½ year low. Weak demand from China and Europe has undercut the ability of Mr. Shinzo Abe's monetary policies to generate strong export growth.

WEDNESDAY

The National Association of Realtors reported Wednesday that existing home sales were up a considerable 0.6 percent in April, bringing sales to an annualized rate of 4.97 million. Compared with April 2012, sales increased 9.7%. The increase was attributable to a 1.2 percent jump in sales of single family homes and an increase in supply of 230,000 properties. The uptrend in median home prices continued in April by increasing 4.8 percent to \$192,800 following March's jump of 6.8 percent. Homes that were on the market less than a month accounted for 44% of sales.

The minutes released on Wednesday from the Federal Open Market Committee's (FOMC) recent meeting indicated that a number of Committee members are concerned with the risk of inflation increasing, and as a result may be willing to slow down the Fed's bond purchasing program as early as June. However, a majority of the members believe that further economic progress is needed before doing so.

THURSDAY

The Labor Department said initial jobless claims last week decreased 23,000, to a seasonally adjusted 340,000. Economists had expected claims to fall to 345,000. The four week moving average for new claims was largely unchanged at 339,500. Employers added 165,000 jobs to their payrolls in April.

FRIDAY

New factory orders for durables rebounded in April, increasing by 3.3 percent. The better than expected growth comes on the heels of a sharp 5.9 percent decline in March. The often volatile transportation component was particularly strong, gaining 8.1 percent after falling 14.7 percent in March. Excluding transportation, durable orders rebounded 1.3 percent, which is still a strong increase from last month's decline of 1.7 percent.

TIDBITS

In 2011, U.S. companies' defined-benefit retirement plans outstripped the performance of their defined-contribution counterparts by the biggest margin in at least 15 years, according to a Towers Watson analysis. The median return for defined-benefit plans was 2.74% while that for defined-contribution plans was a negative 0.22%.

QUOTE OF THE WEEK

“The U.S. tax system handicaps American corporations in relation to our foreign competitors who don't have such constraints on the free movement of capital.”

-- Timothy Cook, Apple's CEO

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

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