

The Market Week in Review

For the Week Ending May 4, 2013

THE MARKETS

Stocks rebounded strongly from last week's downturn amid positive economic, employment, and housing data. The S&P 500 and Nasdaq closed out the month of April on Tuesday by recording their sixth consecutive month of gains and the Dow finished in positive territory for the fifth month in a row. The market lost ground on Wednesday following a batch of mixed domestic reports and disappointing economic data from China. The Dow Jones finished the week with triple digit gains on both Thursday and Friday on better than expected employment data. Both the Dow and the S&P 500 closed at new all time highs.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	14,712.55	14,973.96	261.41	1.78%	14.27%
Nasdaq	3,279.26	3,378.63	99.37	3.03%	11.89%
S&P 500	1,582.24	1,614.42	32.18	2.03%	13.20%
Russell 2000	935.25	954.42	19.17	2.05%	12.37%

DAILY DEVELOPMENTS

MONDAY

Personal income rose slightly in March by 0.2 percent following a jump of 1.1 percent in February, and came in below analysts' projections of a 0.4 percent increase. Personal spending also rose by 0.2 percent following a 0.7 percent gain in February. The increase was led by the services component which jumped by 0.7 percent due to higher utilities usage.

TUESDAY

The Conference Board reported on Tuesday that consumer confidence bounced back considerably in April. The index increased 6.2 points to 68.1, up from 61.9 the month prior. The gain was mainly due to a rebound in expectations which dropped significantly in March during the sequestration battle to 63.7, but recovered in April to finish at 73.3.

Home prices posted big gains in February as shown in the S&P Case-Shiller Home Price Index (HPI). The data from 20 cities showed that prices increased 1.2 percent following a gain of 1.0 percent the prior month. The year-over-year rate of 9.4 percent is at its highest level since May of 2006.

WEDNESDAY

Despite a decline in the Institute for Supply Management (ISM) index to 50.7 (down from 51.3 the month prior) the Purchasing Manager's Index (PMI) extended its gains for a fifth consecutive month in April. New orders accelerated and were up 0.9 to 52.3, while the production index gained 1.3 percent. A negative from the report was that employment in the manufacturing sector has remained stagnate during the last couple of months.

According to the Federal Open Market Committee (FOMC), the economy continues to grow at a moderated pace and inflation remains below the Fed's long-term goal of 2 percent. The meeting notes also indicated that the Federal Reserve intends to maintain its current liberal monetary policies for the time being, and in fact is prepared to increase its pace of purchasing bonds until the outlook for inflation or the labor market is in line with their targets.

THURSDAY

Weekly new claims for unemployment benefits dropped last week to their lowest level since January of 2008, said the Labor Department on Thursday. Initial claims fell 18,000 to 324,000 following a 13,000 decline week prior. The 4 week average is down a sizeable 16,000 to 342,000 marking its lowest rate since mid-March. Despite an increase of 12,000 in continuing claims for the April 20th week, the 4 week average continued its decline and was down 18,000 to 3.056.

The U.S. trade deficit decreased from \$43.6 billion in February to \$38.8 billion in March. The decline was due to weaker imports which dropped 2.8 percent following an increase of 0.3 percent the month prior. Exports fell 0.9 percent after gaining 0.9 percent in February.

FRIDAY

According to the Labor Department the U.S. added 165,000 jobs in April, which was well above market expectations of a 153,000 increase. Adding to the positive news were major upward revisions in February and March's numbers totaling an additional 114,000 jobs. However, the unemployment rate fell only slightly to 7.5 percent from 7.6 percent the month prior. That's because more unemployed workers re-entered the labor pool, which is also a positive sign for the economy.

TIDBITS

Russia's OAO Gazprom reported a 9.5% decline in profit for 2012, its first drop in more than a decade. The fall to \$38 billion in net income cost the state-run natural gas producer its ranking as the world's most profitable company, placing it below Exxon Mobil and Apple. The company said it faced rising costs and falling demand from customers in Europe.

QUOTE OF THE WEEK

If past history was all there was to the game, the richest people would be librarians.

--Warren Buffett

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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