

The Market Week in Review

For Week Ending October 12, 2013

THE MARKETS

Economic data was limited this past week due to the federal government shutdown. Stocks started the week down sharply as the upcoming debt ceiling deadline caused widespread concern for investors. Optimism surrounding the budget talks helped the market wipe out virtually all of their losses earlier in the week, with stocks logging their best one day return of 2013 on Thursday and solid gains on Friday.

The dollar ended with a 1% weekly gain. Oil futures fell after a report that non-OPEC supplies will be strong next year. Gold fell 1.5 percent on Friday to its lowest in three months as a potential U.S. debt default prompted investors to flee the bullion market.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	15,072.58	15,237.11	164.53	1.09%	16.28%
Nasdaq	3,807.75	3,791.87	-15.88	-0.42%	25.58%
S&P 500	1,690.50	1,703.20	12.70	0.75%	19.42%
Russell 2000	1,078.25	1,084.32	6.07	0.56%	27.66%

DAILY DEVELOPMENTS

MONDAY

Japan's current-account surplus dropped 64% in August, compared with August 2012, to \$1.7 billion, according to the Ministry of Finance. It was the lowest August surplus since at least 1985, according to data compiled by Bloomberg.

The Social Security Administration is warning the public that if the debt ceiling is not increased, the agency cannot guarantee full benefit payments.

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TUESDAY

The White House announced on Tuesday that President Barack Obama will name Janet Yellen to head the Federal Reserve, ending months of speculation. Ms. Yellen is currently the second in command at the Fed, and was previously president of the Federal Reserve Bank of San Francisco.

The scheduled release of the international trade gap numbers were delayed due to the government shutdown.

WEDNESDAY

The minutes released on Wednesday from the most recent Federal Open Market Committee (FOMC) meeting indicated that economic growth continues at a moderate pace, but noted that retail sales have softened as of late. Committee members that opposed the Fed slowing its bond purchases in September noted that the economic growth was still weak, particularly with respect to job growth.

THURSDAY

The Department of Labor reported Thursday that initial jobless claims spiked 66,000 last week to 374,000, which is the highest level since March of this year. However, about half of last week's increase was apparently caused by the ongoing software glitches in California that caused last week's reported claims to be miscounted.

FRIDAY

Consumer sentiment dropped slightly over the past two weeks, down from the final September reading of 77.5 to 75.2. The weakness in sentiment was entirely driven by the expectations component, which dropped sharply based on the ongoing government shutdown and debate over the debt ceiling in Washington. All other components were either up slightly or flat from their prior numbers.

The scheduled release of the retail sales numbers were delayed due to the government shutdown.

TIDBITS

As the following table illustrates, as of October 4th domestic equities have been the best performing asset class in 2013, up by 22%. By comparison a basket of commodities has been the worst performing asset class, down by nearly 10%.

Asset Class (ticker)	YTD Total Return % (10/4/13)
US Stocks (VTI)	22.0
Foreign Stocks Devlp'd Mkts (VEA)	15.2
Foreign Junk Bonds (HYXU)	8.1
Foreign REITs (VNQI)	3.3
US REITs (VNQ)	2.8
US Junk Bonds (JNK)	2.7
Foreign Invest-Grade Corp Bonds (PICB)	0.8
US Bonds (BND)	-2.1
Foreign Devlp'd Mkt Gov't Bonds (BWX)	-2.7
Emg Mkt Stocks (VWO)	-4.6
Foreign Gov't Inflation-Linked Bonds (WIP)	-4.8
US TIPS (TIP)	-6.6
Emg Mkt Gov't Bonds (EMLC)	-7.8
Commodities (DJP)	-9.9
Source: Yahoo Finance	

QUOTE OF THE WEEK

The social object of skilled investment should be to defeat the dark forces of time and ignorance which envelope our future.
- John Maynard Keynes

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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