

The Market Week in Review

For Week Ending October 19, 2013

THE MARKETS

The ongoing government shutdown and debt ceiling debate caused volatility in the stock market early in the week as investors awaited a decision from Washington. Stocks advanced significantly on Wednesday on news that a deal had been reached and the U.S. would not default on its debt. The momentum continued throughout the week for the S&P 500 and the Nasdaq, with the S&P 500 hitting a new all time high on Friday amid upbeat earnings. The Dow Jones lagged this week due to dismal earnings from a few key companies in its index.

The dollar ended the week at its lowest level in eight months against a basket of 10 major currencies. Oil prices advanced this week on accelerated growth in China, the world's largest oil importing country. Gold prices also increased, finishing the week up over 2.3%.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	15,237.11	15,399.65	162.54	1.07%	17.52%
Nasdaq	3,791.87	3,914.28	122.41	3.23%	29.63%
S&P 500	1,703.20	1,744.50	41.30	2.42%	22.32%
Russell 2000	1,084.32	1,114.77	30.45	2.81%	31.25%

DAILY DEVELOPMENTS

MONDAY

U.K. inflation was unchanged at 2.7% in September, slightly above forecasts of 2.6%. The reading is well above the Bank of England's target of 2%, although because of the high unemployment rate, the Bank of England is holding off from raising interest rates.

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TUESDAY

The government shutdown may have caused manufacturing growth in the New York region to slow so far in October, but growth still remains positive. The Empire State index was at 1.52 as of mid-October, down from the end of September's reading of 6.29. Strength was shown in new orders which were up to 7.75 as compared to 2.35 and 0.27 the two months prior. A negative from the report included job growth and a reduction in backlog orders.

WEDNESDAY

The release of the Federal Reserve's "Beige Book" on Wednesday showed that recovery in the U.S. is continuing at a modest to moderate pace. Eight of the twelve Federal Reserve's districts reported steady growth while the remaining four reported some deceleration in growth. Consumer spending continued to gain momentum, manufacturing activity expanded modestly and employment growth remained modest.

This release of the Consumer Price Index (CPI) was delayed due to the partial shutdown of the Federal government.

THURSDAY

The Labor Department reported Thursday that initial jobless claims fell 15,000 to 358,000 last week and came in well above the consensus estimate of 332,000. Temporary layoffs in the private sector caused by the government shutdown combined with the lingering impact of the computer glitches in California, pushed the four week average up 11,750 to 336,000. Now that the government shutdown is over and the issues in California are easing, it is expected that claims will come back down in the coming weeks.

FRIDAY

There were no major economic announcements on Friday.

TIDBITS

The debt ceiling debacle caused Dagong, one of China's top four rating agencies, to downgrade its rating on U.S. sovereign debt from A to A- and maintain its negative outlook. However, the downgrade is unlikely to impact China's decision to continue its position as the largest holder of U.S. government debt.

QUOTE OF THE WEEK

The four most dangerous words in investing are: 'this time it's different'.
- Sir John Templeton

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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