

# The Market Week in Review

For Week Ending September 21, 2013

## THE MARKETS

The stock market started the week with strong gains following an announcement over the weekend that former Treasury Secretary Lawrence Summers (who supported the Fed's tapering of its bond purchases) had withdrawn his name as a possible successor for Federal Reserve Chairman Ben Bernanke. Stocks soared on Wednesday with the S&P 500 and the Dow Jones hitting new all time highs after Bernanke surprised the market by keeping the Fed's \$85 billion monthly bond-buying program intact. The euphoria fizzled out at the end of the week with the market reversing sharply on Friday. Despite the reversal all three major averages managed solid gains for the week.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	15,376.06	15,451.09	75.03	0.49%	17.91%
Nasdaq	3,722.18	3,774.73	52.55	1.41%	25.01%
S&P 500	1,687.99	1,709.91	21.92	1.30%	19.89%
Russell 2000	1,053.98	1,072.83	18.85	1.79%	26.31%

## DAILY DEVELOPMENTS

### MONDAY

Overall industrial production increased by 0.4 percent in August, slightly below the projected increase of 0.5 percent, but was well above July's flat reading. Manufacturing beat expectations with a 0.7 percent jump following a gain of 0.5 percent the month prior. The individual components were led by a 5.2 percent spike in automobile production and a gain of 1.2 percent in durable goods. Weakness was shown in utilities output, which fell 1.5 percent, and has now fallen for the past five months.

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### TUESDAY

Inflation remained tepid in August as the Consumer Price Index (CPI) rose just 0.1%. August's small increase comes after modest gains in July and June of 0.2 and 0.5 percent respectively. (Two percent is generally understood to be the Fed's target for core inflation.) Helping keep the CPI number essentially flat were declines in energy prices of 0.3 percent and gasoline prices of 0.1 percent. The year-over-year CPI inflation slid from July's 2.0 percent to 1.5 percent, and the core rate (which excludes food and energy) was virtually unchanged at 1.8 percent, as compared to 1.7 percent the month prior.

The housing market index reading of 58 in August signals that home builders remain confident that the housing market will continue to improve. The strongest components in the report were builders 6 month outlook and present sales which remained at multi-year highs.

### WEDNESDAY

Housing starts in August came in at 891,000, which was well below the consensus estimate of 919,000, but was above July's number of 883,000. The gain was led by a 7.0 percent jump in the single family component following a decline of 3.0 percent the month prior as evidenced by the 0.1 percent increase. The multi-family component, which is typically very volatile, plunged 11.1 percent after surging 28.7 percent in July. A decline in permits of 3.8 percent suggests that the housing market may lose some of its steam in the coming months.

### THURSDAY

The Labor Department reported Thursday that jobless claims continue to trend lower. Last week's number of 309,000 initial claims was well below the consensus estimate of 341,000. In addition the four week average was down 7,000 to a post-recession low of 314,750. Continuing claims moved lower as well, falling to 2.787 million and its four week average is also at a post-recession low of 2.885 million. The unemployment rate for insured workers inched lower from 2.2 percent to 2.1 percent.

According to the National Association of Realtors (NAR), existing home sales increased 1.7 percent in August to an annual rate of 5.48 million. The gain was preceded by a 6.5 percent jump in July after buyers moved into the market on speculation that mortgage rates would increase in the near term. While inventory increased by 0.4 percent to 2.25 million, the lack of homes on the market continues to hold back sales.

FRIDAY

There were no major economic announcements on Friday.

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**TIDBITS**

The number of U.S. residents living below the poverty line edged up from 46.2M in 2011 to 46.5M in 2012, while the national poverty rate was unchanged at 15%. Median household income fell only slightly, from \$51,100 to \$51,017. The poverty line for 2012 is defined as an income of \$23,492 for a family of four.

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**QUOTE OF THE WEEK**

Part of your heritage in this society is the opportunity to become financially independent.  
- Jim Rohn

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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](mailto:awillms@estatecounselors.com) or Garrett Alabado at [galabado@estatecounselors.com](mailto: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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