

The Market Week in Review

For Week Ending September 7, 2013

THE MARKETS

Stocks opened the shortened holiday week sharply higher but pulled back to finish with modest gains after Republicans announced their support for a military strike on Syria. Better than expected economic data, positive jobs numbers, and improved investor sentiment propelled stocks higher throughout the week despite the uncertainty surrounding the Federal Reserve scaling back its bond purchases and the possible military action in Syria. The Dow Jones logged its best one day return in nearly a month on Wednesday and the positive trend for stocks continued throughout the week with all major indexes finishing the week positive.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	14,810.31	14,922.50	112.19	0.76%	13.88%
Nasdaq	3,589.87	3,660.01	70.14	1.95%	21.21%
S&P 500	1,632.97	1,655.17	22.20	1.36%	16.06%
Russell 2000	1,010.90	1,029.55	18.65	1.84%	21.22%

DAILY DEVELOPMENTS

MONDAY

There were no major economic announcements on Monday. The stock market was closed in observance of Labor Day.

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TUESDAY

Manufacturing continued its positive trend for a second straight month as shown by the numbers from the Institute of Supply Management's Manufacturing Index on Tuesday. The August number of 55.7 was well above the consensus of 53.8 and was preceded by a 55.4 surge in July. New orders spiked to 63.2, the first reading above 60 in nearly 2-1/2 years. Tuesday also saw construction spending numbers for July increase by 0.6%.

WEDNESDAY

The trade gap widened from \$34.4 billion in June to \$39.1 billion in July. The worsening deficit was mainly due to the imbalance of nonpetroleum goods, which increased to \$18.7 billion from \$17.5 billion in June. The deficit reflects both the sluggish import demand due to a relatively weak domestic economy, and soft export demand, reflecting modest global growth.

The Fed's Beige book, last released in June, again dubbed economic expansion in the U.S. as increasing at a "modest to moderate pace." Consumer spending rose due, in part, to strong demand for automobiles and housing related goods. Those surveyed also expressed optimism about a near term increase in overall manufacturing activity.

THURSDAY

The Labor Department reported Thursday that initial jobless claims fell 9,000 to 323,000 last week, which was below the consensus of 330,000. Continuing claims for the week of August 24th were also lower by 43,000 to 2.951 million. These numbers do not necessarily translate into new hiring, but they do offer assurance that the job market continues to show modest improvement.

FRIDAY

The employment situation report released on Friday showed a gain in non-farm payroll jobs of 169,000, but this was below the consensus estimate of 175,000. The unemployment rate for August dropped to 7.3% from 7.4% the prior month, while expectations remained at 7.4%. Household employment dropped by 115,000, the labor force dropped by 312,000, and construction labor remained flat.

TIDBITS

Global auto sales have been surging this year and the industry is experiencing one of its most profitable years ever. While the big 3 U.S. automakers are participating in this growth, it is projected that emerging markets will generate a larger percentage of global auto sales over the next seven years.

QUOTE OF THE WEEK

The underlying principles of sound investment should not alter from decade to decade, but the application of these principles must be adapted to significant changes in the financial mechanisms and climate.
- Benjamin Graham

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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