

The Market Week in Review

For Week Ending April 19, 2014

THE MARKETS

The stock market had a good week this past week as recently released data suggested that the U.S. economy is regaining some positive momentum after a rough winter. The nation's economic recovery is once again being driven by increased consumer spending and an improving labor market. But Janet Yellen, head of the Federal Reserve indicated in a statement released mid-week that unemployment in the U.S. remains too high for the Central Bank's liking, and as a result will be keeping interest rates low for time being, and perhaps for the next two years. The prospect of rates remaining ultra low for an extended period of time also helped push all 4 of the major indexes higher for the week.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	16,026.75	16,408.54	381.79	2.38%	-1.01%
Nasdaq	3,999.73	4,095.52	95.79	2.39%	-1.94%
S&P 500	1,815.69	1,864.85	49.16	2.71%	0.89%
Russell 2000	1,111.44	1,137.90	26.46	2.38%	-2.21%

DAILY DEVELOPMENTS

MONDAY

The Commerce Department announced Monday that retail sales in the U.S. grew 1.1% in March, the biggest one month increase since September 2012. Sales were up in almost all categories. So called core retail sales, which strip out automobiles, gasoline, building materials and food services, increased 0.8 percent in March.

The World Trade Organization has raised its forecast for world trade growth this year to 4.7% from 4.5%. The WTO believes that improvement among the wealthiest nations will compensate for economic setbacks among developing economies. The WTO predicts the increase in the rate of growth to continue in 2015, and is expected to reach 5.3%.

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TUESDAY

The Labor Department said on Tuesday its Consumer Price Index increased 0.2 percent in March, as increases in the cost of food and housing offset a decline in gasoline prices. Although the inflation rate remains low, prices rose by more than the 0.1 percent that economists polled by Reuters on average had expected. The CPI index gained 0.1 percent in February.

WEDNESDAY

The Federal Reserve released its April Beige Book on Wednesday. That report, which is a compilation of various reports on business conditions across each of the 12 Fed districts suggests that economic growth increased in most U.S. regions and consumer spending rose as the harsh winter weather conditions receded. From early March through mid-April, 10 of the 12 Fed bank districts reported an expanding economy - a marked improvement from the eight regions reporting growth in the previous report.

Housing starts picked up in March but not as much as had been expected. Overall new construction rose 2.8 percent after a 1.9 percent increase in February. The March annualized pace of 946,000 fell short of analysts' forecast for 965,000 and was down 5.9 percent on a year ago basis. Single family starts jumped 6.0 percent, following a 2.9 percent rise the month before. Multifamily starts slipped 3.1 percent. The number of permits sought for new construction also fell 2.4 percent in March after surging 7.3 percent the prior month. However the annualized rate was 990,000, up 11.2 percent on a year-over-year basis.

U.S. manufacturing output rose for a second straight month in March, according to data from the Federal Reserve on Wednesday. Factory production increased 0.5 percent in March. Overall industrial production was up 0.7 percent, beating analysts' expectations.

THURSDAY

The number of people who applied for unemployment insurance benefits ticked up by 2,000 to 304,000 in the week that ended April 12th, according to data released Thursday by the Labor Department. The average of new claims over the past month dropped by 4,750 to 312,000, hitting the lowest level since October 2007. Continuing claims decreased by 11,000 to a seasonally adjusted 2.74 million in the week ended April 5th, the lowest level they have been since December 2007. The four week average of these continuing claims fell 32,500 to 2.79 million.

FRIDAY

There were no major economic announcements on Friday.

TIDBITS

The Congressional Budget Office projects the U.S. budget deficit to decline to \$492 billion this fiscal year, well below the \$680 billion shortfall during fiscal 2013. The CBO estimates that the fiscal 2014 deficit will equal 2.8% of the total economy, compared with 4.1% in fiscal 2013.

QUOTE OF THE WEEK

"If a little money does not go out, great money will not come in."
- Confucius (Chinese philosopher)

I 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 me at awillms@estatecounselors.com. If you would like to discuss how current market conditions could impact your investments, please feel free to call me at the number listed below.

Best regards,

Andy

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