ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending August 23, 2014

Contact Us

- Our Website: www.estatecounselors.com
- Our E-mail: firm@estatecounselors.com
- Our Phone Number: (262) 238-6996
- Our Address: 414 N. Main Street Thiensville, WI 53092

THE MARKETS

In the fixed income market, yields rose and prices fell as bond buyers prepared for a Fed boost to short-term interest rates. Stocks moved steadily higher throughout the week as investors turned a blind eye to the ongoing geopolitical tensions around the globe. The Dow again pushed above 17,000 and the S&P made another all-time high for the 28th time this year before the large cap indices eased slightly on Friday. All major indices finished the week with solid gains. The Dow was this week's biggest gainer, closing up 2.03 percent, while the S&P, Nasdaq and Russell 2000 finished up 1.71 percent, 1.65 percent and 1.64 percent, respectively. Gold didn't fare as well, and closed the week down 1.81 percent.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	16,662.91	17,001.22	338.31	2.03%	2.56%
Nasdaq	4,464.93	4,538.55	73.62	1.65%	8.67%
S&P 500	1,955.06	1,988.40	33.34	1.71%	7.58%
Russell 2000	1,141.65	1,160.34	18.69	1.64%	-0.28%

DAILY DEVELOPMENTS

MONDAY

The NAHB/Wells Fargo Housing Market index rose to 55 in August from 53 in July, according to a statement released on Monday. It was the third straight monthly gain, and topped the mean estimate of analysts polled by Reuters for a reading of 53. Readings below 50 mean more builders view market conditions as poor than favorable.

TUESDAY

The Commerce Department announced Tuesday that housing starts last month were up nearly 16 percent over June, and almost 22 percent over 12 months ago. Last month's housing starts were at an annual rate of 1.093 million units, the highest reading since November. Single family housing starts in July increased 8.3 percent over the revised June figure of 606,000, and were at a rate of 656,000. The July rate for multifamily housing was 423,000, showing the strongest level of starts since 2006.

The consumer price index rose to a seasonally adjusted 0.1% in July and 2% on a year-over-year basis, the Labor Department said Tuesday. The index was up 0.1% after excluding the more volatile food and energy categories. The index rose 2% from a year earlier, compared with June's annual gain of 2.1%. Excluding food and energy, the index rose 1.9% on the year, unchanged from June.

WEDNESDAY

The minutes from the Federal Reserve's July 29th-30th meeting were released on Wednesday. They indicate that a majority of the Fed policymakers are not expecting to raise interest rates until early 2015. However, if the economy continues to strengthen more than they were originally expecting, we may see rates rise from historic lows sooner than expected.

THURSDAY

Initial claims for unemployment benefits fell by 14,000 to 298,000 in the August 16th week and the 4 week average, at 300,750, is also up 4,750 from the prior week. Both increases were less than had been expected. Continuing claims fell by 9,000 from the prior week to 2.5 million.

FRIDAY

Fed chair Janet Yellen stated on Friday that the labor market has yet to fully recover. When referencing the drop in the workforce participation rate since the Great Recession ended, she stated that, "the decline in the unemployment rate over this period somewhat overstates the improvement in overall labor market conditions". The comments were made at the Federal Reserve's annual economic policy symposium in Jackson Hole, Wyoming.

TIDBITS

U.S. issuance of corporate bonds has reached $994.9 billion this year, according to Dealogic. Issuance is on track to easily cross $1 trillion as lower-than-expected interest rates encourage corporations to borrow funds for expansion.

QUOTE OF THE WEEK

"I have wondered at times about what the Ten Commandments would have looked like if Moses had run them through the U.S. Congress."
- Ronald Regan

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

Andrew J. Willms, J.D. LL.M.

Estate Counselors, LLC
414 N. Main Street
Thiensville, WI 53092
Phone (262) 238-6996
Fax (262) 238-6999
www.estatecounselors.com
