

# The Market Week in Review

For Week Ending August 30, 2014

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## THE MARKETS

U.S. markets enjoyed minimal volatility and healthy gains in the last trading week of August as economic data released came in largely better than expected. The S&P 500 broke through 2,000 for the first time in its history and finished the month at yet another all time closing high. The Dow also spent the week trading in uncharted territory and managed to stay above the 17,000 level. Interestingly, fixed income securities traded higher as well, although mainly due to the ongoing geopolitical tensions around the globe. This drove the yield on the 10 year Treasury down to 2.34 percent. Gold, which typically trades higher in times of uncertainty, also traded modestly higher throughout the week.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,001.22	17,098.45	97.23	0.57%	3.15%
Nasdaq	4,538.55	4,580.27	41.72	0.92%	9.67%
S&P 500	1,988.40	2,003.37	14.97	0.75%	8.39%
Russell 2000	1,160.34	1,174.35	14.01	1.21%	0.92%

## DAILY DEVELOPMENTS

### MONDAY

Sales of new homes fell by 2.4% in July compared to their pace in June, marking three straight months of slowing sales for newly constructed homes across the U.S. according to data released Tuesday by the U.S. Census Bureau and the Department of Housing and Urban Development. However, July's sales pace of 412,000 new homes was 12.3% higher than the rate new homes sold at one year earlier.

*TUESDAY*

Overall orders for durable goods in July jumped by 22.6 percent, the biggest one month increase since the Commerce Department began compiling this series of data in 1992. However, the increase was attributable almost entirely to the exclusion of the volatile transportation sector. Core capital goods orders actually fell by 0.5 percent in July, but remain up more than 11 percent over the most recent three months on an annualized basis.

The Conference Board's closely watched index of consumer confidence increased to 92.4 this month from 90.3 in July. Both the July and August readings were the highest since October 2007. The index has risen four months in a row.

The Standard & Poor's/Case-Shiller 20 city home price index rose 8.1 percent in June from 12 months earlier, according to a Tuesday report. That's down from 9.4 percent a month earlier and represents the smallest annual gain since December 2012.

*WEDNESDAY*

There were no major economic announcements on Wednesday.

*THURSDAY*

The second estimate for second quarter GDP growth came in a little stronger than expected, rising 4.2 percent annualized versus the original 4.0 percent estimate. However, the general picture remains the same; the nation's economy is continuing to grow, notwithstanding a 2.1 percent weather related drop in the first quarter.

Initial jobless claims declined by 1,000 in the August 23<sup>rd</sup> week to 298,000. The 4 week average is down 1,250 to 299,750. Continuing claims, which lag by a week, rose 25,000 in data for the August 16<sup>th</sup> week, but the 4 week average is down 4,000 to 2.524 million.

*FRIDAY*

Consumer spending declined by 0.1 percent in July after a 0.4 percent increase in the previous month, the Commerce Department reported Friday. It was the first decline in spending since January. Income growth slowed to 0.2 percent in July, the weakest showing in seven months. The decline was largely attributable to a drop in auto sales, which had posted big gains in recent months, although spending in other areas was weak as well.

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## TIDBITS

According to a recent report from the U.S. Department of Agriculture (“*Expenditures on Children by Families*”), a child born in 2013 will cost a middle-income family an average of \$245,340 through age 17.

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## QUOTE OF THE WEEK

"No enterprise can exist for itself alone. It ministers to some great need, it performs some great service, not for itself, but for others; or failing therein, it ceases to be profitable and ceases to exist."

- Calvin Coolidge

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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](mailto: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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