

The Market Week in Review

For Week Ending August 9, 2014

THE MARKETS

Ongoing geopolitical tensions had global stock markets on edge this week. Economic data released had little impact on U.S. equities, but headline news caused the markets to seesaw throughout the week, and stocks ultimately jumped sharply higher on Friday as reports surfaced that Russia was ending military strikes in Ukraine. The late week surge was enough for the major large cap indices to finish the week with modest gains, while the small cap Russell 2000 rebounded 1.48%. Gold also managed to rebound, finishing the week with a 1.46% gain. U.S. Treasuries were also bid higher this week driving the yield on the 10 Year Note down to 2.44%, signaling that investors are hiding out in the safe-haven asset.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	16,493.37	16,553.93	60.56	0.37%	-0.14%
Nasdaq	4,352.64	4,370.90	18.26	0.42%	4.65%
S&P 500	1,925.15	1,931.59	6.44	0.33%	4.50%
Russell 2000	1,114.86	1,131.35	16.49	1.48%	-2.77%

DAILY DEVELOPMENTS

MONDAY

There were no major economic announcements on Monday.

TUESDAY

The Institute for Supply Management's services sector index rose to 58.7 last month, which is its highest reading since December 2005. A reading above 50 indicates expansion. Non-manufacturing business activity rose to 62.4, the highest since February 2011, and the new orders index jumped to 64.9, the highest since August 2005. Employment rose to 56, a six month high, from 54.4.

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The Commerce Department also announced on Tuesday that orders for manufactured goods increased 1.1 percent in June, more than reversing May's 0.6 percent decline. Orders for non-defense capital goods excluding aircraft - a measure of business confidence and spending plans - hit a record high. Orders excluding the volatile transportation category jumped 1.1 percent in June, the largest increase since July of last year. Orders for computers and electronic products also increased.

WEDNESDAY

The United States Trade deficit shrank to \$41.5 billion from \$44.7 billion in May. Exports edged up 0.1 percent in June after jumping 1.1 percent the month before. Imports fell 1.2 percent, following a 0.1 percent dip in May. The improvement was led by a decline in petroleum imports which fell to a 3 1/2 year low. When adjusted for inflation, the deficit narrowed to \$48.8 billion from \$52.0 billion in May.

THURSDAY

First time claims for unemployment benefits declined by 14,000 to 289,000 for the week ended August 2nd according to a Labor Department report released on Thursday. The median forecast of 47 economists surveyed by Bloomberg called for an increase to 304,000. The four week average, a less volatile measure than the weekly figure, dropped to 293,500, the lowest since February 2006, from 297,500 the week before.

FRIDAY

Nonfarm productivity in the second quarter of 2014 came in at an annualized rate of 2.5%, topping estimates of a 1.4% increase. This came after a surge of 11.8% annualized in the first quarter. However, unit labor costs only rose 0.6%, well below the 1.6% increase that was expected. The low increase in labor costs suggests that inflationary pressures may not be of concern in the immediate future.

TIDBITS

Russian cybercriminals have acquired 1.2 billion internet usernames and passwords, as well as more than 500,000 e-mail addresses, according to Hold Security, an online-security firm based in Milwaukee.

QUOTE OF THE WEEK

There is only one fatal mistake in business – when you are left without money when you run out of money.
- Harold Geneen

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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