

# The Market Week in Review

For Week Ending December 13, 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

Five weeks of consecutive gains for the major equity markets were erased in one ugly week of trading induced by plummeting oil prices. The selloff extended to even those sectors where energy is a major input cost. The Dow Jones fell 315 points on Friday, closing out one of its worst weeks in 3 years. Small caps suffered as well, moving back into negative territory for the year. Money poured into safe-haven Treasuries pushing the yield on the 10 Year Note 0.21 percentage points lower. Gold moved higher for a second straight week, this time closing up 2.6 percent. The move was helped by a slightly weaker dollar and investor sentiment that the yellow metal is another safe-haven asset.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,958.79	17,280.83	-677.96	-3.78%	4.25%
Nasdaq	4,780.76	4,653.60	-127.16	-2.66%	11.42%
S&P 500	2,075.37	2,002.33	-73.04	-3.52%	8.33%
Russell 2000	1,182.43	1,152.44	-29.99	-2.54%	-0.96%

## DAILY DEVELOPMENTS

### MONDAY

There were no major economic announcements on Monday.

### TUESDAY

The U.S. Bureau of Labor Statistics reported on Tuesday that its Jobs Openings and Labor Turnover Survey for October was little changed from September. There were 4.8 million job openings on the last business day of October, which was slightly higher than the 4.7 million in September. The hires rate in October was 3.6 percent, unchanged from September.

The optimism index from the National Federation of Independent Business was also released on Tuesday. It rose to 98.1, up two points from November. Those results suggest that small-business owners are more optimistic than at any time since 2007.

#### WEDNESDAY

The Commerce Department's quarterly services survey, or QSS, showed spending on services expanding at a brisk clip and much more vigorously than the government had assumed when it published its second gross domestic product estimate for the third quarter last month. This data, combined with data that was previously released on wholesale inventories and construction spending suggest that the government's initial third quarter GDP estimate could be revised up to a 4.4 percent annual pace from the 3.9 percent rate reported last month.

#### THURSDAY

Initial claims for state unemployment benefits slipped by 3,000 to a seasonally adjusted 294,000 for the week ended December 6<sup>th</sup>, the Labor Department said on Thursday. The four week moving average of claims ticked up by 250 to 299,250, holding below the 300,000 mark for the 13<sup>th</sup> straight month. The number of people still receiving benefits after an initial week of aid increased by 142,000 to 2.51 million in the week ended November 29<sup>th</sup>.

Retail sales climbed to \$449.3 billion in November, an increase of 0.7% from last month, according to a report released by the Commerce Department. In addition, growth in retail sales from September to October was revised up to 0.5%, from a 0.3% upswing. The drop in gas prices was credited with being the primary driver of the sales improvement as less spending for gas means consumers have more money to spend for other things.

#### FRIDAY

Producer prices eased in November leading to a 0.2 percent decline in the producer price index. Not surprisingly, the move lower was led by waning energy prices, which fell 3.1 percent during the month. Stripping out the volatile food and energy components, PPI was flat, below the expectation of a 0.1 percent increase. The index remains higher by 1.4 percent from the year ago number. The decline in the PPI suggests that next week's consumer price index will once again come in below the Fed's inflation target.

The Thomson Reuters/University of Michigan preliminary December index of consumer sentiment increased to 93.8, the highest since January 2007, from 88.8 last month. The gain exceeded the 89.5 median forecast in a Bloomberg survey of economists. The increase in consumer optimism is good news for retailers during the holiday shopping season.

## TIDBITS

The spread between 30 year treasury yields and 10 year treasury yields fell to 65 basis points yesterday which is the lowest spread since January 21<sup>st</sup>, 2009. Since April 2013, the spread has narrowed by 59 basis points.

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## QUOTE OF THE WEEK

"Surplus wealth is a sacred trust which its possessor is bound to administer in his lifetime for the good of the community."  
- Andrew Carnegie

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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*

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](http://www.estatecounselors.com)

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