

# The Market Week in Review

For Week Ending December 20, 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

Stocks snapped back from the recent oil induced selloff this past week. The move higher was sparked by comments from the Federal Reserve indicating it does not plan to raise interest rates in the near future. The S&P ended the week 9 points short of its all-time high set just two weeks ago. The energy sector rallied 11.5 percent since Tuesday when crude oil prices fell below \$55 per barrel. Treasuries sold off during the equity week, sending the yield on the 10 Year Note up 2.17 percent. The dovish tone from the Fed didn't help to lift Gold prices, as that commodity was off 2.25 percent on the week.

Index	Started	Ended Week	Change	% Change	YTD %
DJIA	17,280.83	17,804.80	523.97	3.03%	7.41%
Nasdaq	4,653.60	4,765.38	111.78	2.40%	14.10%
S&P 500	2,002.33	2,070.65	68.32	3.41%	12.03%
Russell 2000	1,152.44	1,195.96	43.52	3.78%	2.78%

## DAILY DEVELOPMENTS

### MONDAY

The Federal Reserve said Monday that factory production rose 1.1 percent last month, up from a 0.4 percent improvement in October. Manufacturing output has risen 4.8 percent over the past 12 months. It's now above the previous high set just before the downturn began in December 2007. Total industrial production also grew, increasing by 1.3 percent in November.

The National Association of Home Builders/Wells Fargo builder sentiment index released Monday slipped this month to 57, down one point from 58 in November. Readings above 50 indicate that more than half of the builders surveyed consider sales conditions to be good.

*TUESDAY*

New housing starts declined 1.6 percent to a seasonally adjusted annual 1.028 million-unit pace while the original estimate of the number of starts in October was increased to a 1.045 million-unit rate, the Commerce Department said on Tuesday. Starts fell by 7% last month as compared to November 2013, which amounts to the biggest annual decline in three years. Last month's decline was concentrated in the single family homes segment, which fell 5.4 percent. The multi-family homes segment increased 6.7 percent.

*WEDNESDAY*

The Labor Department said on Wednesday its Consumer Price Index fell 0.3 percent last month, the largest decline since December 2008. In the 12 months through November, the CPI increased 1.3 percent, the smallest gain since February, after advancing 1.7 percent in October. Stripping out food and energy prices, the so-called core CPI edged up 0.1 percent after rising 0.2 percent in October. In the 12 months through November, the core CPI rose 1.7 percent after increasing 1.8 percent in October.

The Federal Reserve's Open Market Committee also released its most recent policy statement on Wednesday. It suggested that the Federal Reserve is slowly edging closer to raising interest rates from record lows given a strengthening U.S. job market and economy. The Fed backed off assurances found in the last several statements that it expected to keep its benchmark rate near zero for a "considerable time". However, the statement indicated that the Fed will be "patient" in determining when to raise rates.

*THURSDAY*

Initial claims for state unemployment benefits declined by 6,000 to a seasonally adjusted 289,000 for the week ended December 13<sup>th</sup>, the Labor Department announced Thursday. The four week moving average of claims, considered a better measure of labor market trends as it irons out week-to-week volatility, slipped by 750 to 298,750.

The Conference Board said its leading economic index rose by 0.6 percent in November following a downwardly revised 0.6 percent increase in October. The continued increase reflected positive contributions from eight of the ten indicators that make up the leading index, including the interest rate spread, the ISM new orders index, stock prices, and the Leading Credit Index

*FRIDAY*

There was no major economic news on Friday.

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## TIDBITS

Ukrainian President Petro Poroshenko said this week that his country is working toward becoming a part of the EU and expects to submit an application for full membership by 2020. He also hinted that Ukraine may seek to join NATO.

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## QUOTE OF THE WEEK

"Always drink upstream from the herd."  
- Will Rogers

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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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