

The Market Week in Review

For Week Ending December 6, 2014

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THE MARKETS

Promising economic data led stocks to move calmly higher and both the Dow and the S&P closed the week at brand new all time highs. The Dow, which just 37 trading days ago was below 16,000, is now a stone's throw from 18,000. The small cap Russell 2000 was this week's strongest gainer as its components recovered from the oil-related selloff last Friday. The heavyweight tech company, Apple Inc., pulled down the NASDAQ as an anti-trust trial a decade in the making came underway early in the week. That index closed lower by 0.23 percent. The U.S. dollar saw continued strength at the expense of Asian and European currencies which continue to weaken. The dollar's strength isn't great news for commodities including gold, although that precious metal managed to close the week with a solid 2 percent gain.

Index	Started	Ended Week	Change	% Change	YTD %
DJIA	17,828.24	17,958.79	130.55	0.73%	8.34%
Nasdaq	4,791.63	4,780.76	-10.87	-0.23%	14.47%
S&P 500	2,067.56	2,075.37	7.81	0.38%	12.28%
Russell 2000	1,173.23	1,182.43	9.20	0.78%	1.61%

DAILY DEVELOPMENTS

MONDAY

The Institute for Supply Management said Monday that its' manufacturing purchasing managers index - a gauge of sentiment among purchasing executives - eased slightly to 58.7 in November, from 59.0 in October. Readings above 50 signal expansion. The index has been above 50 for 18 consecutive months now.

TUESDAY

There were no major economic announcements on Tuesday.

WEDNESDAY

Construction spending rose 1.1 percent, the largest gain since May, to an annual rate of \$970.99 billion, the Commerce Department said on Tuesday. Economists polled by Reuters had forecast construction spending rising 0.6 percent in October. In addition, September's construction outlays were revised upwardly to show only a 0.1 percent drop instead of the previously reported 0.4 percent decline. The upbeat construction could be an indication that the U.S. economy's positive momentum is going to continue in the fourth quarter.

THURSDAY

The Labor Department's weekly unemployment report showed that the number of first time applicants for U.S. unemployment benefits fell by 17,000 to 297,000 in the seven days ended November 29th, a week that included Thanksgiving. The decline brings new claims back below the key 300,000 level for the 12th time in the past 13 weeks and returns initial claims to levels consistent with a steadily improving labor market after a surprising spike in the prior week.

The Institute for Supply Management announced Thursday that its services sector index rose to 59.3 last month, just below the post-recession high of 59.6 hit in August, from 57.1 in October. The November figure came above economists' forecasts for a reading of 57.5. Readings above 50 indicate expansion in economic activity. Two out of the ten components of the survey, employment and imports, fell from October, but all were above the 50 level. The business activity component jumped to 64.4 from 60 in October, the new orders index ticked up to 61.4 from 59.1, and the prices paid index rose to 54.4 last month from 52.1.

FRIDAY

The number of initial unemployment claims fell to a seasonally adjusted 297,000 last week as hiring picked up, the U.S. Labor Department said on Friday. Claims have held below 300,000 for 11 of the past 12 weeks, an unusually low level that suggests employers are anticipating stronger economic growth. The four week average, a less volatile measure, rose 4,750 to 299,000.

The U.S. trade gap narrowed to \$43.4 billion from a revised \$43.6 billion in September. Analysts expected the deficit to narrow to \$41 billion. Exports were up 1.2 percent and imports grew by 0.9 percent. Petroleum imports were down 0.6 percent while petroleum declined by 11.1 percent in response to falling crude oil prices.

TIDBITS

According to a recent article in the *Wall Street Journal*, only 9.3% of large-cap mutual funds have outperformed the S&P 500 index through September 30, 2014.

QUOTE OF THE WEEK

"Whoever said money can't buy happiness simply didn't know where to go shopping."
- Bo Derek, American actress, (b.1956)

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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