ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending February 15, 2014

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THE MARKETS

All four of the major equity market indexes registered solid gains this past week notwithstanding the release of weaker than expected economic data. In fact, there have been 4 major indicators in recent weeks that suggest the economic recovery has been slowing. It seems investors are willing to chalk up the negative data to the unusually harsh winter weather being experienced in many parts of the country. Only time will tell if warmer weather will revive the macroeconomic numbers in the weeks and months ahead.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	15,794.08	16,154.39	360.31	2.28%	-2.55%
Nasdaq	4,125.86	4,244.03	118.17	2.86%	1.61%
S&P 500	1,797.02	1,838.63	41.61	2.32%	-0.53%
Russell 2000	1,116.55	1,149.21	32.66	2.93%	-1.24%

DAILY DEVELOPMENTS

MONDAY

Regulations released by the Treasury Department on Monday will further delay the employer mandate found in the Affordable Care Act (a/k/a “Obama Care”). Employers with 50 to 99 full-time workers won't have to comply with the law's requirement to provide insurance or pay a fee until 2016. Companies with more workers could avoid some penalties in 2015 if they showed they were offering coverage to at least 70% of full-time workers.

TUESDAY

Federal Reserve Chair Janet Yellen stated in prepared remarks released before her Congressional testimony that she strongly supports current monetary policy. She expects to continue to taper its quantitative easing program in measured steps if the recovery advances as expected. Yellen said that the Fed could increase bond purchases if inflation is very low or unemployment begins to rise.

WEDNESDAY

The Treasury Department released its monthly budget report last month. It revealed that the U.S. deficit for January was $10.4 billion. For the period from October through January, the nation's deficit totaled $184 billion. That is down $106.4 billion from the same period a year ago and puts the country on track for a further improvement in the budget deficit. Rising tax revenues from an improving economy and government spending constraints are helping to trim the shortfall.

Also on Wednesday the Senate followed the lead of the House and passed legislation to suspend the debt ceiling until March 16th of next year. The votes came after Treasury Secretary Jacob Lew warned that Congress would only have to approve a new debt ceiling by the end of the month if another default was to be averted.

THURSDAY

Initial jobless claims rose by 8,000 to 339,000, the Labor Department reported Thursday. Economists had predicted claims to fall to 330,000. The four week moving average was 336,750, an increase of 3,500.

The Commerce Department said Thursday that retail sales slumped a seasonally adjusted 0.4% in January from December, missing Wall Street's expectations of flat results. December sales, which had previously been reported as a 0.2% month-to-month increase, were changed to reflect a 0.1% decline. Not surprisingly, most market commentators pointed at the weather as being the culprit responsible for the disappointing report. However the decelerating pace of year-over-year growth raises suspicions about the legitimacy of that verdict. Retail spending increased by just 2.6% for the year through January which is the smallest increase since late 2009.

FRIDAY

Industrial production declined by 0.3% in January, which is the first month over month decline since last July. By comparison industrial production rose 0.3 percent in December. Manufacturing fell 0.8 percent, its biggest decline in 4 1/2 years. Once again severe weather was blamed for curtailing production in some regions of the country. At the same time the output of utilities rose 4.1 percent in response to increased demand for heating which was boosted by unseasonably cold temperatures.

TIDBITS

Wages for the average American workers increased by 1.9%, or by 0.4% adjusted for inflation, in 2013. That's approximately one-half of the average annual wage increase during the 20 year period preceding the Great Recession of 2008-2009.

QUOTE OF THE WEEK

"Violets are blue; Roses are red; Let the free market live; Abolish the Fed."
Tweet posted on the Federal Reserve's special Valentine Day's Twitter feed with #FedValentines.

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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