ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending January 4, 2014

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THE MARKETS

2013 was a very good year for equities as stocks registered their best yearly performance in nearly 15 years. Investors looked past the concerns of a double dip recession and instead focused on future economic growth. The Federal Reserve's stimulus measures also helped the major stock indexes reach all time highs during the past year. However, for the first time in six years markets in the New Year started the year on a negative note notwithstanding a batch of better than expected economic reports.

The U.S. dollar rebounded from its two week slide to advance slightly against an index of other currencies, while gold increased for a second straight week to finish the week up over 1 percent at $1,238.60 an ounce. Crude oil erased its gain from last week by dropping $1.48 to $93.96 a barrel.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	16,478.41	16,469.99	-8.42	-0.05%	-0.64%
Nasdaq	4,156.59	4,131.91	-24.68	-0.59%	-1.07%
S&P 500	1,841.40	1,831.37	-10.03	-0.54%	-0.92%
Russell 2000	1,161.09	1,156.09	-5.00	-0.43%	-0.65%

DAILY DEVELOPMENTS

MONDAY

The pending home sales index logged its first gain in 6 months with a marginal increase of 0.2 percent in November. The year over year rate was at a negative 1.6 percent but has stabilized over the past few months. By region, the South and Midwest showed strength with gains of 2.3 and 3.1 percent respectively, while the West declined by 1.8 percent and the Northeast by 2.7 percent.

TUESDAY

The S&P/Case Shiller Home Price Index for 20 cities increased by 1.0 percent in October, matching its gain from the month prior. The year over year increase of 13.6 percent is the strongest gain in the index in over seven years. The gains were widespread across all 20 cities and were lead by a 1.9 percent spike in Miami followed by gains of 1.8 percent in Atlanta and Detroit.

WEDNESDAY

Markets were closed on Wednesday in observance of New Years Day.

THURSDAY

The volatility in jobless claims due to the holidays continued last week according to data released by the Labor Department last Thursday. Initial claims for unemployment benefits declined by 2,000 to 339,000, and the four week average also rose, increasing by 8,500 to 357,250. Continuing claims fell sharply by 98,000 for the December 21st week but the four week average was up 2,858, a 60,000 increase from the month prior's number.

The Institute for Supply Management's (ISM) Manufacturing Index finished the year at 57, down slightly from November's 57.3 reading. New orders was the strongest component and logged its fifth straight monthly reading over 60 at 64.2, and experienced its best monthly growth since April of 2010. Production also showed strength by gaining .06 for its sixth straight month above 60. Overall the report showed strength in manufacturing heading in to the New Year.

FRIDAY

Federal Reserve Chairman Ben Bernanke spoke Friday about the economy and the Fed's decision to begin tapering its bond purchases. He said the Fed's decision to taper reflects progress towards substantial improvement in the labor market and the overall economy, but noted the recovery is still incomplete. He also mentioned that the tapering in no way means the Fed will abandon its strategy to continue its accommodative monetary policy as long as needed.

TIDBITS

Economist Nouriel Roubini, who is known for his doom and gloom outlook on financial markets, has turned bullish on the global economy. He is expecting performance to "pick up modestly" in both developed and emerging markets in 2014. He claims that developed markets will benefit from 5 years of private-sector deleveraging, a declining fiscal drag, and ongoing accommodative monetary policies.

QUOTE OF THE WEEK

I was taught that the strategy to get rich - takes concentrated risk, typically with your labor capital/business - is entirely different than the strategy to stay rich, which is to minimize the risks we take, diversify the ones we take as much as possible, keep costs low, tax efficiency high, and don't spend too much.
- Larry Swedroe

We 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 Andy Willms at awillms@estatecounselors.com or Garrett Alabado at galabado@estatecounselors.com. If you would like to discuss how current market conditions could impact your investments, please feel free to call us at the number listed below.

Best regards,

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