ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending July 12, 2014

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THE MARKETS

Volatility returned to the equity markets this week as the banking crisis in Portugal rattled markets around the globe. The Chicago Board Options Exchange's volatility index (commonly referred to as "the VIX") rose above 13 for the first time since mid-May. The small cap Russell 2000 took the brunt of the sell off and closed the week down 3.99%, while large cap indices still managed to finish the week near the all time highs set before the Independence Day holiday. The Dow and the S&P finished the week down 0.73% and 0.90%, respectively. Precious metals extended a 4 week rally as gold closed the week 1.3% higher.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,068.26	16,943.81	-124.45	-0.73%	2.21%
Nasdaq	4,485.93	4,415.49	-70.44	-1.57%	5.72%
S&P 500	1,985.44	1,967.57	-17.87	-0.90%	6.45%
Russell 2000	1,208.15	1,159.93	-48.22	-3.99%	-0.32%

DAILY DEVELOPMENTS

MONDAY

Christine Lagarde, the chief of the International Monetary Fund, expects that the global economy will improve and grow over the next year and a half, but not as quickly as previously expected. The IMF is expected to update its economic forecasts this month. In April, it predicted global growth of 3.6 percent this year and 3.9 percent in 2015, up from 3 percent last year.

TUESDAY

Richmond Federal Reserve President Jeffrey Lacker said on Tuesday that he expects U.S. economic growth to continue at a moderate pace, with inflation pressures remaining "well-behaved". But Lacker said that at some stage the economy will have improved enough that banks could increase lending substantially, leading to rapid deposit growth and mounting inflationary pressures. However, wage growth has been relatively flat, and many economists believe the labor market would have to improve substantially before prices would start to rise meaningfully.

WEDNESDAY

Minutes from the June meeting of the Fed's policy-setting committee, which were released Wednesday afternoon, reinforced the view that the Fed is in no rush to raise interest rates, but will end its bond buying program (commonly referred to as "quantitative easing") by October. Most Fed officials see an increase in short-term interest rates sometime next year. The minutes from the June 17th-18th meeting indicate the Fed is confident that moderate economic growth would continue and unemployment and inflation would gradually move towards the Central Bank's targets.

THURSDAY

Jobless claims declined by 11,000 to 304,000 in the week ended July 5th, the fewest in more than a month, a Labor Department report showed today in Washington. The median forecast of 45 economists surveyed by Bloomberg called for 315,000. Data released last week showed that payrolls exceeded expectations in June and the unemployment rate fell to an almost six year low.

U.S. wholesale inventories of autos, metals, machinery, and lumber grew 0.5% in May compared with April, fueling hopes that second-quarter gross domestic product growth was strong, according to a Commerce Department released on Friday. The gains were driven by increases in inventories of metals, autos, machinery and lumber.

FRIDAY

There was no major economic news on Friday.

TIDBITS

On July 9, 1896, William Jennings Bryan caused a sensation at the Democratic National Convention in Chicago with his "cross of gold" speech denouncing supporters of the gold standard. Bryan went on to win the party's nomination.

QUOTE OF THE WEEK

"My interest is in the future because I am going to spend the rest of my life there."
- Charles Kettering, American inventor, engineer and businessman

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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