

The Market Week in Review

For Week Ending June 21, 2014

THE MARKETS

Enthusiastic market participants pushed equities higher this week in spite of unenthusiastic economic news. The Dow fell just short of the 17,000 mark, closing at 16,947. The small cap Russell 2000 led all 4 of the major indexes with a 2.21% gain for the week. Not to be out done, the S&P and the Dow both finished the week at yet another all-time closing high, while the Nasdaq hit a 14 year peak. Gold also spiked higher in response to the chaos in the Mideast. The SPDR Gold Trust ETF ended the week up 2.8%.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	16,775.74	16,947.08	171.34	1.02%	2.23%
Nasdaq	4,310.65	4,368.04	57.39	1.33%	4.58%
S&P 500	1,936.16	1,962.87	26.71	1.38%	6.20%
Russell 2000	1,162.68	1,188.42	25.74	2.21%	2.13%

DAILY DEVELOPMENTS

MONDAY

Production at U.S. factories, mines, and utilities rose to a seasonally adjusted 0.6% after falling 0.3% in April, according to a report released on Monday by the Federal Reserve. U.S. industrial production was also revised upward to -0.3% from the original -0.6% estimate. Total production was up 4.3% over the past year. Capacity utilization also rose to 79.1%, the highest since June 2008.

The International Monetary Fund cut its growth forecast for the U.S. this year from its original 2.8% estimate in April to just 2%. The IMF also predicts that the Federal Reserve will hold interest rates close to zero well into 2015 and that unemployment in the U.S. will remain above 5% until the end of 2017.

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

TUESDAY

Housing starts fell 6.5% in May to a seasonally adjusted annual rate of 1 million, the Census Bureau reported Tuesday. April's rate was 1.07 million. Permits for new construction, a gauge of future construction activity, fell by 6.4% to an annual rate of 991,000 after three months above a 1 million annual rate. Housing starts for single-family homes fell nearly 6% in May while construction of multi-family units declined by more than 8%. Even still, the National Association of Home Builders/Wells Fargo index of builder sentiment for June shows builders optimism improved in May to a level that falls just short of good building conditions.

WEDNESDAY

The Federal Reserve cut its forecast for the rate the U.S. economy will grow in 2014 from its original 2.3% estimate to 2.1%. Nonetheless, it will go ahead with a planned \$10 billion cut in its bond buying program next month, lowering its monthly purchase to \$35 billion. Taken as a whole, the announcement indicates the Fed expects the U.S. economic recovery to maintain its slow and steady pace.

THURSDAY

First time claims for unemployment benefits fell 6,000 from the previous week to 312,000, the Labor Department said Thursday. The four week average, which tends to smooth out week-to-week volatility, fell to 311,750. Claims have been trending down over the past year and the current numbers are close to those seen in the years before the recession.

FRIDAY

There was no major economic news on Friday.

TIDBITS

A recent report from the U.S. Bureau of Labor Statistics shows that the average American, 35-44 years of age, spends \$2,094 annually on health care. That figure grows to \$4,769 for retirees 65 and older.

QUOTE OF THE WEEK

“The quickest way to double your money is to fold it and put it back into your pocket.”
– Will Rogers

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

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

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