

# The Market Week in Review

For Week Ending June 28, 2014

## THE MARKETS

The stock market was largely range bound this past week, reflecting the mixed economic data that was released throughout the week. Volatility remained near historic lows as tensions in the Middle East were tempered, if only momentarily, which lead investors to focus on the health of the U.S. economy. Technology stocks regained their momentum and the NASDAQ was the leading performer out of the major indices. The Dow was this week's loser, ending down 0.56% while the S&P and small caps both finished the week flat. After spiking higher last week, Gold held onto its gains this week, but also closed the week flat.

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Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	16,947.08	16,851.84	-95.24	-0.56%	1.66%
Nasdaq	4,368.04	4,397.93	29.89	0.68%	5.30%
S&P 500	1,962.87	1,960.96	-1.91	-0.10%	6.09%
Russell 2000	1,188.42	1,189.50	1.08	0.09%	2.22%

## DAILY DEVELOPMENTS

### MONDAY

Sales of previously owned homes in the U.S. increased 4.9% last month to an annualized 4.89 million, the National Association of Realtors announced Monday. That's the biggest one month gain since August 2011. All four regions of the country experienced sales gains compared to a month earlier. The median price rose 5.1% compared with May 2013, while the number of homes on the market increased 6%.

*TUESDAY*

Contracts to sell newly built homes surged in May to a seasonally adjusted annual rate of 504,000, the U.S. Commerce Department reported Tuesday. That amounts to an 18.6% increase from the rate in April, and is up 16.9% from May 2013. May's strong sales allowed builders to catch up for slower sales earlier in the year, as the number of new homes sold during the first 5 months of the year totaled roughly 194,000, slightly above the 193,000 from the same period of 2013.

Consumer confidence continues to rise and hit a 6 year high in June. The Conference Board, a private research group, said its index of consumer confidence increased to 85.2 in June. June's reading represents a significant increase from the 82.2 registered in May. The main factors that led to an increased consumer confidence level were rising stock prices and continual job growth.

*WEDNESDAY*

According to a report released by the Commerce Department on Wednesday, GDP fell at a 2.9% annual rate instead of a more gradual pace of -1% that was reported last month. Weather disruptions at home and weak demand abroad combined to result in the largest decline in GDP since 2009. The setback would seem to be only temporary as GDP is forecasted to expand at a 3.5% rate in the second quarter.

Possibly more disconcerting was the Commerce Department's monthly report on new orders for goods meant to last more than 5 years, which was also released Wednesday. It showed that new orders for so-called durable goods fell 0.1% to \$238 billion in May. May's dip was a surprise to analysts, who had predicted an additional 0.4% boost. However, a closer examination of the report reveals that orders excluding defense rose 0.6% in May after falling 0.8% in April, and orders for core capital goods, which reflect business investment, increased 0.7%, after a 1.1% drop.

*THURSDAY*

The U.S. Department of Labor announced Tuesday that the number of individuals filing for initial jobless benefits in the week ending June 21<sup>st</sup> declined by 2,000 to a seasonally adjusted 312,000 from the previous week's revised total of 314,000. Analysts had expected jobless claims to fall by 4,000 to 310,000 last week. Continuing jobless claims in the week ended June 14<sup>th</sup> rose to 2.571 million from 2.559 million in the preceding week. Analysts had expected continuing claims to increase to 2.570 million.

Consumer spending increased 0.2 percent in May after being flat in April, and was down for a second straight month when adjusted for inflation, the Commerce Department said. That suggests consumer spending, which accounts for more than two-thirds of U.S. economic activity, could struggle to regain momentum this quarter after growing at its slowest pace in nearly five years in the first three months of the year. At the same time, income increased for a fifth successive month, with savings hitting an eight-month high.

#### FRIDAY

Confirming the independent data released earlier in the week, The University of Michigan's survey on Consumer Sentiment rose in the last 2 weeks of June pushing the monthly reading for the month to 82.5, up from May's reading of 81.9. The current conditions report also rose to 96.6 from 94.5 in May. Expectations for 1 year inflation dropped 0.2% in May to 3.1%. This month's readings show signs of continued, if not increasing, strength in the consumer.

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#### TIDBITS

According to a recent report from the *Giving USA Foundation*, charitable giving by individuals, companies, and foundations was a record \$335.17 billion in 2013. Giving increased by +4.4% from the previous record of \$320 billion in 2012.

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#### QUOTE OF THE WEEK

"Socialism only works in two places: Heaven where they don't need it and hell where they already have it."

- Ronald Regan

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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](mailto: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.

Finally, please note that as a result of the 4<sup>th</sup> of July holiday there will not be a Market Commentary next week. Have a great holiday!

Best regards,

*Andy*

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