ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending June 7, 2014

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THE MARKETS

Equity markets climbed higher for yet another week, making it three weeks in a row that the major indexes have closed at all-time highs. A slew of positive economic news this week was the main reason behind the march higher. News that the European Central Bank cut interest rates and imposed a negative deposit rate, coupled with anticipation of a positive U.S. jobs report was enough to accelerate buying going into the weekend. The Dow, up over 200 points this week, is now within a stone's throw of 17,000. The small-cap Russell 2000 Index had the biggest gain for the week and edged into positive territory for the year, but it remained roughly 4% below its peak.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	16,717.17	16,924.28	207.11	1.24%	2.10%
Nasdaq	4,242.62	4,321.40	78.78	1.86%	3.47%
S&P 500	1,923.57	1,949.44	25.87	1.34%	5.47%
Russell 2000	1,134.50	1,165.21	30.71	2.71%	0.13%

DAILY DEVELOPMENTS

MONDAY

In a very unusual development, The Institute for Supply Management was forced to correct - and then re-correct - its key manufacturing activity index for May. The ISM had originally reported a 53.2 reading which had caused a wave of concern amongst investors and led to a decline in the equity markets. However, economists immediately questioned the accuracy of the reported number, which lead to CNBC reporting that the correct reading was 56. It took ISM nearly three hours to issue an official statement announcing that the actual reading was 55.4, which was just about in line with expectations. When the dust settled, economists saw the final reading as a positive indicator for the economy.

TUESDAY

Data released Tuesday indicated that factory orders increased 0.7 percent in April. The strong April increase follows an upwardly revised 1.5 percent advance in March. Excluding the volatile transportation category, orders rose 0.5 percent, the third straight monthly gain. Unfilled orders recorded their largest gain since November, indicating factories will be busy in the months ahead, and shipments rose for a third consecutive month.

WEDNESDAY

The Commerce Department reported Wednesday that the U.S. trade deficit in goods and services in April was $47.2 billion, the highest since July 2012. That was up $3 billion, or 6.9%, from March. Economists had predicted a trade gap of $40.1 billion. April exports were $193.3 billion, down $300 million from March, while imports rose to $2.7 billion to $240.6 billion.

Productivity fell at an annual rate of 3.2% in the January-through-March period, more than the 1.7% initially estimated, according to data released by the Bureau of Labor Statistics. Once again, weather was cited as the primary cause.

Also on Wednesday the Institute for Supply Management says its service-sector index rose to 56.3 in May from 55.2 in April. Any reading above 50 indicates expansion.

THURSDAY

First-time applications for unemployment benefits increased by 8,000 last week, reaching a seasonally adjusted 312,000, according to the Labor Department. The four week rolling average, viewed by economists as a better benchmark, declined 2,250, to 310,250, the fewest since June 2007.

FRIDAY

The Labor Department said Friday that nonfarm payrolls increased by 217,000 in May. This was above the consensus number of 213,000 and followed an increase of 282,000 in April. The unemployment rate remained steady at 6.3 percent which was slightly better than expected, although the participation rate remains low. Taken together, the data indicates that the employment situation remains sluggish.

TIDBITS

Sales of new vehicles last month rose to an annual rate of 16.8 million, the highest pace since February 2007. Sales increased 17% at Chrysler Group, 13% at General Motors and 3% at Ford Motor. SUVs, trucks, midsize sedans and crossovers were the strongest sellers.

QUOTE OF THE WEEK

"Happiness depends more on how life strikes you than on what happens."
- Andy Rooney, American radio and television writer (1919-2011).

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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