ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending March 1, 2014

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THE MARKETS

All four of the major stock market indexes finished the week higher than they were when they opened the week. In fact, the S&P 500 ended the day on Friday at another record close even though investor's mood turned sour after Ukraine's acting president accused Russia of open aggression and said Moscow was following a similar scenario to the one before it went to war with Georgia in 2008. Nonetheless, the S&P 500 had its best month since October and the Dow recorded its best monthly percentage gain since of January 2013.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	16,103.30	16,321.71	218.41	1.36%	-1.54%
Nasdaq	4,263.41	4,308.12	44.71	1.05%	3.15%
S&P 500	1,836.25	1,859.45	23.20	1.26%	0.60%
Russell 2000	1,164.63	1,183.03	18.40	1.58%	1.67%

DAILY DEVELOPMENTS

MONDAY

The Chicago Fed National Activity Index, a macro benchmark based on 85 indicators decreased to 0.10 in January from 0.26 in December. However, January's reading was the fifth consecutive reading above zero. A positive reading for this index indicates economic activity continues to reflect an "above trend" expansion, suggesting that the risk of a recession remained low in January.

Also on Monday, the Conference Board announced that its' Leading Economic Index for China rose 1.2% in January to 283.4. January's rise follows a 0.8% increase in December and a 1.3% improvement in November. Five of the six of the index components contributed positively in January. The Conference Board Coincident Economic Index, which measures current economic activity, increased 0.2% to 257.0.

TUESDAY

Prices of U.S. homes decreased 0.1% in December, according to the Standard & Poor's/Case-Shiller 20 City Home Price Index. It was the second straight month of decline. The data increased concerns that higher prices, combined with rising mortgage interest rates, may be forcing some potential buyers to the sidelines.

The Consumer Confidence Index fell to 78.1 from a revised 79.4 in January. Analysts expected the Index to come in at 80.8. While the report suggests that U.S. consumers grew less confident in the economy in February, consumers' assessment of current conditions improved for the fourth month in a row to its highest level since April 2008. The data suggests "that consumers believe the economy has improved, but they do not foresee it gaining considerable momentum in the months ahead," according to Lynn Franco, director of economic indicators at the Conference Board.

WEDNESDAY

A surprisingly upbeat report on the state of the U.S. housing market was released by the Commerce Department on Wednesday. It indicated that new home sales rose by 9.6 percent to a seasonally adjusted annual rate of 468,000 units, which is the highest level since July 2008. Economists had forecast new home sales falling to a 400,000 unit pace in January. More good news came in the form of revisions to the previously released estimate of December's sales. It was revised upward to a 427,000 annual rate from the 414,000 units.

THURSDAY

The Labor Department said Thursday that initial claims for state unemployment benefits increased 14,000 to a seasonally adjusted 348,000. Claims for the prior week were revised to show 2,000 fewer applications received than previously reported. The four week moving average for new claims, considered by many economists to be a better measure of underlying labor market conditions, was unchanged at 338,250.

The Commerce Department said Thursday that durable goods orders excluding transportation related items rose 1.1 percent after falling 1.9 percent in December. January's increase reflected increasing orders for computers and electronic products, fabricated metal products and defense capital goods. Unfortunately the report also revealed declines in orders for machinery, primary metals, electrical equipment, appliances and components, and transportation equipment. In addition, the volatile transportation sector fell 5.6%. Overall durable goods orders fell 1.0 percent last month, beating the consensus expectation of a 1.5% decline.

FRIDAY

On Friday the Commerce Department announced that the nation's gross domestic product expanded at just a 2.4 percent annual rate in the fourth quarter last year. That is a significantly slower pace than the 3.2 percent pace it estimated last month and well below the 4.1 percent rate of growth registered in the third quarter of 2014. The markets took the news in stride however because it was not unexpected. The 16 day government shutdown, the expiration of long-term unemployment benefits, cuts to food stamps, frigid temperatures and the need for businesses to reduce inventories all contributed to a slower 4th quarter growth rate, and none of these developments are likely to significantly hamper GDP in the future. Moreover, GDP still managed to grow by a combined 3.3 percent in the second half of last year, as compared to just 1.8 percent for the first six months of the year.

TIDBITS

House Ways and Means Committee Chairman Dave Camp released his proposal for an overhaul of the U.S. tax code last week. The proposal seeks to simplify the tax code by eliminating hundreds of deductions and credits while lowering personal and business rates. The non-partisan Joint Committee on Taxation believes that the proposal would create almost 2 million jobs and add $700 billion in revenue over 10 years.

QUOTE OF THE WEEK

"A line from Bobby Bare's country song explains what too often happens with acquisitions: 'I've never gone to bed with an ugly woman, but I've sure woke up with a few.'"
- Warren Buffett, discussing his acquisition of Dexter Shoe Company

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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