

# The Market Week in Review

For Week Ending March 8, 2014

## THE MARKETS

Stocks opened down sharply on Monday in response to the conflict in the Ukraine, with the Dow Jones falling nearly 160 points. Markets quickly recovered on Tuesday morning as Russia made conciliatory gestures suggesting a larger crisis would be averted. The trend continued higher throughout the week as investors shrugged off questionable economic data that many associated with the unusually harsh winter weather experienced by much of the country. The S&P 500 managed to finish the week at yet another all time high after a better than expected nonfarm payrolls report on Friday.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	16,321.71	16,452.72	131.01	0.80%	-0.75%
Nasdaq	4,308.12	4,336.22	28.10	0.65%	3.82%
S&P 500	1,859.45	1,878.04	18.59	1.00%	1.61%
Russell 2000	1,183.03	1,203.32	20.29	1.72%	3.41%

## DAILY DEVELOPMENTS

### MONDAY

The Institute for Supply Management (ISM) reported on Monday that its index of national factory activity rose to 53.2 in February, up from just 51.3 in January. Readings above 50 suggest the manufacturing sector is expanding. The news was not all good as the production index declined for the third straight month from 54.8 in January to 48.2 in February. The employment index was unchanged at 52.3.

Americans are making more and spending more, according to a January Personal Income and Outlays report also released on Monday by the Commerce Department. More specifically, personal income rose by 4.1% while consumer spending increased by 3.5%. However durable goods spending dipped another 0.4% after falling 2.6% in December, primarily as a result of a slump in auto sales that is being blamed on the weather. Partially offsetting the decline in durable goods sales was a 0.9% increase in consumer spending in the service sector.

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*TUESDAY*

President Barack Obama released his fiscal year 2015 budget request to Congress on Tuesday. The president wants to shrink the U.S. army to its lowest level since before World War II, eliminate the popular A-10 aircraft and reduce military benefits. The budget also proposes a four year, \$302 billion plan to repair deteriorating roads and fund transit projects. The proposal would raise \$150 billion in new money by ending some tax breaks for businesses as part of a corporate tax reform that would also lower tax rates. It also calls for Congress to increase the minimum wage to \$10.10 per hour and index it to inflation.

*WEDNESDAY*

The Federal Reserve released its “beige book” survey of its 12 U.S. regions on Wednesday. It indicated that 8 of the regions registered modest improvement in economic activity from January through early February. New York and Philadelphia reported a dip in activity attributed to the weather, while nine districts - Boston, New York, Philadelphia, Cleveland, Atlanta, Chicago, St. Louis, Dallas and Richmond, Va. - reported that the severe weather had hurt factory production and manufacturing sales.

*THURSDAY*

Initial claims for state unemployment benefits dropped 26,000 to a seasonally adjusted 323,000, the Labor Department said on Thursday. The decline exceeded expectations and pushed the number of new claims for the week ending March 1<sup>st</sup> to its lowest level since the end of November. The four week moving average for new claims declined by 2,000 to 336,500.

*FRIDAY*

Nonfarm payrolls increased by 175,000 in February which was better than the consensus estimate of 150,000. The unemployment rate nudged up to 6.7% from 6.6% in January, however, as more unemployed re-entered the work force and once again began looking for work. The Bureau of Labor Statistics implied that because of the harsh weather, the jobs situation is actually better than its most recent numbers would suggest.

The U.S. trade gap came in near expectations at \$39.1 billion for the month of December. Exports rose by \$1.2 billion while imports rose \$1.3 billion. Both numbers were driven by demand for industrial supplies.

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## TIDBITS

RadioShack will close as many as 1,100 stores - a fifth of its total - after a sharp drop in sales over the holidays left it with a loss of \$400 million last year.

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## QUOTE OF THE WEEK

"It was an unconstitutional coup and an armed seizure of power that took place. No one argues with that."

- Russian President Vladimir Putin regarding the ouster of former Ukrainian President Viktor Yanukovich which led to Russian occupancy of the Crimean peninsula

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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.

Best regards,

*Andy*

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