

The Market Week in Review

For Week Ending May 10, 2014

THE MARKETS

Stocks again traded mixed throughout the week, with the Russell 2000 Small Cap Index continuing its 2 month downward trend. The NASDAQ also continued its multi-week selloff as investors are shifting out of high valuation technology names and looking for value stocks. However, industrial stocks held their ground and the Dow managed to finish the week at a brand new all-time closing high on Friday afternoon, although that index was only up modestly for the week. The S&P finished the week nearly flat. Gold continued to lose ground, finishing the week down 0.76%.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	16,512.89	16,583.34	70.45	0.43%	0.04%
Nasdaq	4,123.90	4,071.87	-52.03	-1.26%	-2.51%
S&P 500	1,881.14	1,878.48	-2.66	-0.14%	1.63%
Russell 2000	1,128.80	1,107.22	-21.58	-1.91%	-4.85%

DAILY DEVELOPMENTS

MONDAY

On Monday the Institute for Supply Management said its non-manufacturing index for the U.S. service sector and other non-manufacturing companies rose to 55.2% in April from 53.1% in March. That's the index's highest reading in six months and surpassed an expected reading of 54.2%. Readings over 50% signal expansion. Among 18 industries tracked by ISM, 14 reported growth last month, while four contracted.

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TUESDAY

The Commerce Department reported on Tuesday that the United States trade deficit narrowed in March to \$40.4 billion, down 3.6 percent from a revised February imbalance of \$41.9 billion. The February trade gap was the biggest in five months. U.S. exports rose 2.1 percent to \$193.9 billion, which is the second-highest level on record. Imports also rose by 1.1 percent to \$234.3. The increase in imports was driven by increased shipments of cell phones, clothing and other consumer goods, and increased demand for heavy machinery and other capital goods. The improvement in exports was led by strong gains in sales of aircraft, autos, and farm goods.

WEDNESDAY

U.S. comparable store sales increased 6.2% last month as the weather improved and retailers rolled out aggressive promotions, according to Retail Metrics. The gain was the strongest since June 2011. Despite higher sales volume, deep discounts might have undercut retailers' first-quarter results.

THURSDAY

Initial claims for state unemployment benefits declined 26,000 to a seasonally adjusted 319,000 for the week ended May 3rd, the Labor Department said on Thursday. Despite the weekly improvement, the four week average was 10,000 higher than a month ago, hitting 324,750. However, at least a part of that increase could be attributed to difficulties adjusting data during the Easter and Passover holidays and school spring breaks.

FRIDAY

There were no major economic announcements on Friday.

TIDBITS

446 of the companies included in the S&P 500 have reported their first quarter earnings so far. Of those 30 have mentioned the Affordable Care Act as being a drag on their corporate earnings for the first quarter of the year.

QUOTE OF THE WEEK

"When A takes money from B to give to C, and A is a legislator, the process is called taxation. But when A is an officer or director of a corporation, it is called philanthropy."

- Warren Buffett

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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