

The Market Week in Review

For Week Ending May 24, 2014

THE MARKETS

Stocks continued their roller coaster ride as they opened trading in the beginning of the week. By mid-week, the positive tone out of the Fed calmed investors' nerves and equities began marching higher. The trend continued into the extended Memorial Day weekend. The S&P closed Friday above 1,900 for the first time ever. The Dow also finished the week on a positive note, but the big gainers were the small caps and large cap tech stocks which both recovered from their recent slide. Both the NASDAQ and the Russell 2000 closed the week up more than 2 percent.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	16,491.31	16,606.27	114.96	0.70%	0.18%
Nasdaq	4,090.59	4,185.81	95.22	2.33%	0.22%
S&P 500	1,877.86	1,900.53	22.67	1.21%	2.82%
Russell 2000	1,102.91	1,126.19	23.28	2.11%	-3.22%

DAILY DEVELOPMENTS

MONDAY

There were no major announcements on Monday.

TUESDAY

Consumer confidence in the Eurozone rose by 1.5 points to -7.1 in May, the European Commission announced Tuesday. That is the highest level that has been registered since 2007 nearly a full point ahead of the median forecast of analysts polled before the announcement. Consumer confidence in the wider European Union also increased in May, the Commission said, with the indicator in the 28 member EU region increasing by 1.6 points to -4.1.

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WEDNESDAY

On Wednesday the Federal Reserve released the minutes from the central bank's Federal Open Market Committee meeting in April. The minutes indicate that the Fed is getting closer to normalizing interest rates but hasn't decided when or how to begin the transition. Committee Members agreed that the economic forecasts reviewed at the April meeting remained upbeat, and that any significant increase in inflation could be years away.

THURSDAY

After two prior weeks of solid improvement, initial jobless claims rose a sharp 28,000 in the May 17th week to 326,000, while the 4 week average rose by more than 10,000 higher to 322,500. The news was not all bad, however, as continuing claims continue to show steady improvement, down 13,000 for the May 10th week to 2.653 million. The 4 week average declined by a more modest 5,000 to 2.689 million.

The National Association of Realtors announced Thursday that the number of existing homes sold in April rose by 1.3 percent to a 4.65 million annual rate. In addition, the single-family component rose 0.5 percent for the first gain of the year. Sales of condos, which have been much stronger than sales of single-family homes, jumped 7.3 percent in April. New housing inventory also rose by 16.8 percent from March to 2.29 million units.

FRIDAY

New home sales spiked 6.4 percent in April to a 433,000 annual rate. This was higher than the consensus number of 401,000 and much better than the March number of 407,000 annualized, but nonetheless is the second worst number over the past 7 months. The median sale price dropped 2.1 percent to \$275,800, which helped boost sales.

TIDBITS

This week Credit Suisse became the first major bank in about 20 years to plead guilty to a criminal charge, agreeing to pay about \$2.6 billion in fines for helping American clients evade federal income taxes.

QUOTE OF THE WEEK

The men and women who serve in our military have won for us every hour we live in freedom, sometimes at the expense of the very hours of the lifetimes they had hoped to live.

-Bob Riley

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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