

# The Market Week in Review

For Week Ending May 31, 2014

## THE MARKETS

Equities continued their steady march higher this week. Although the latest U.S. economic news releases continue to be mixed, large numbers of market participants remained focused on the positive developments and continued to buy stocks. May marks the fourth consecutive month the major indexes have seen positive gains. The Dow and the S&P both closed at all-time highs for the second week in a row. The S&P and the NASDAQ were the leaders this week, closing up 1.21% and 1.36% respectively. Gold continued to decline, sliding 3.28% on the week.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	16,606.27	16,717.17	110.90	0.67%	0.85%
Nasdaq	4,185.81	4,242.62	56.81	1.36%	1.58%
S&P 500	1,900.53	1,923.57	23.04	1.21%	4.07%
Russell 2000	1,126.19	1,134.50	8.31	0.74%	-2.50%

## DAILY DEVELOPMENTS

### MONDAY

The markets were closed on Monday in observance of the Memorial Day holiday.

### TUESDAY

New orders for durable goods meant to last at least three years increased 0.8 percent after a revised March advance of 3.6 percent gain, the Commerce Department reported on Tuesday. However, orders for non-defense capital goods excluding aircraft, a proxy for future business investment in items like computers, engines and communications gear, decreased 1.2 percent after a 4.7 percent surge in March. March's big gain was the strongest since November 2013.

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Another report Tuesday by Standard & Poors indicated that U.S. home prices increased 10.3 percent in the first quarter as compared to the first quarter last year. That's down from an 11.4 percent year-over-year gain in the fourth quarter, which was the biggest since January-March 2006. Home prices in 20 U.S. cities rose 12.4 percent from the same month last year, the smallest 12 month gain since July.

The Conference Board in New York said its measure of confidence advanced to 83 in May from 81.7 a month earlier as Americans grew more upbeat about the economy and employment.

#### *WEDNESDAY*

The European Commission announced a wide-ranging plan to end dependence on foreign energy on Wednesday. Currently Europe buys about 40% of its natural gas from Russia, and about half of that is pumped through the Ukraine. The goal is to generate more of its energy needs internally. "We must move away from a monopoly supplier: Russia, in this instance," said Gunther Oettinger, the EU's energy commissioner.

#### *THURSDAY*

A report issued by the Commerce Department on Thursday indicated that the nation's gross domestic product shrank at an annual rate of 1% in the first quarter of 2014, revising downward its initial estimate which had showed a 1% gain for the period. It is the first quarter in three years in which the nation's total production of goods and services has contracted. Most economists have pointed the blame on the very cold winter for much of the slowdown, and are predicting a sharp rebound this quarter.

On a more positive note, first time claims for unemployment benefits for the week ending on May 24<sup>th</sup> declined by 27,000 to 300,000. The 4 week average fell to a post recession low of 11,250 to 311,500, while continuing claims declined by 17,000 for the May 17<sup>th</sup> week to a recovery low of 2.631 million. The 4 week average is down 33,000 to 2.655 million, also a recovery low.

#### *FRIDAY*

The Commerce Department announced on Friday that spending on goods and services by U.S. consumers fell by a seasonally adjusted 0.1% from March, which is below the 0.1% growth forecast by economists. At the same time March's initial estimate was revised from the plus 0.9% that was previously reported to a positive 1%. March's revised increase amounts to the largest increase since August 2009. In a worrisome sign for future

spending, personal income-which measures income from wages, investment and government transfers-rose just 0.3% in April, down from 0.5% in March. Wage growth slowed to 0.2%, is lowest rate this year.

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## TIDBITS

Gold for June delivery declined to \$1,265.50 a troy ounce on the New York Mercantile Exchange last week as hope for political stability in Ukraine and signs of a strengthening U.S. economic recovery pushed the price of gold to its lowest level in 15 weeks.

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## QUOTE OF THE WEEK

"Just as any revolution eats its children, unchecked market fundamentalism can devour the social capital essential for the long-term dynamism of capitalism itself."

- Bank of England Governor Mark Carney

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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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