ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending November 1, 2014

THE MARKETS

Stocks finished sharply higher on the week on better than expected economic data and strong corporate earnings. Despite the Fed officially announcing the end of their asset purchase program, economic data releases continue to suggest economic expansion. Domestic stocks and other risk assets were provided with an additional boost as Japan surprised investors by announcing further stimulus measures and higher equity allocation targets for their public pension funds. Bond prices were lower on the week in response to a more hawkish than expected Federal Open Market Committee statement, pushing the U.S. 10 year Treasury bond yield up 0.06% to end at 2.33%.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	16,805.41	17,390.52	585.11	3.48%	4.91%
Nasdaq	4,483.72	4,630.74	147.02	3.28%	10.87%
S&P 500	1,964.58	2,018.05	53.47	2.72%	9.18%
Russell 2000	1,118.82	1,173.51	54.69	4.89%	0.85%

DAILY DEVELOPMENTS

MONDAY

The National Association of Realtors reported on Monday that its pending home sales index, based on home sales contracts signed in September, rose 0.3 percent after falling 1.0 percent in August. The gain last month was below Wall Street's consensus forecast of a 0.5 percent rise, although contracts were up 1.0 percent compared to September last year.

Financial data firm Markit said its preliminary or ‘flash’ services sector purchasing managers index slipped to 57.3 last month, the lowest reading since April, from 58.9 in September. A reading above 50 signals expansion in the vast services sector. The index, which was dragged down by a fall in a new business sub-index, has declined for four straight months.

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TUESDAY

The U.S. Census Bureau announced Tuesday that new orders for manufactured durable goods decreased $3.2 billion or 1.3 percent in September to $241.6 billion. This was the second straight monthly decline. Transportation equipment, also down two consecutive months, led the decrease, $2.8 billion or 3.7 percent to $73.4 billion. Excluding transportation, new orders decreased 0.2 percent. Excluding defense spending, new orders decreased 1.5 percent.

The Conference Board, an industry group, said its index of consumer attitudes rose to 94.5, which is the highest reading since October 2007. Economists had expected a reading of 87.0, according to a Reuters poll. The expectations index rose to 95.0 from a revised 86.4 in September, while the present situation index rose to 93.7 from a revised 93.0.

WEDNESDAY

The Federal Reserve announced the end of its program of pumping newly printed money into the U.S. economy via its purchase of U.S. Treasuries. Referred to as "quantitative easing", the Fed has been buying $15 billion of bonds a month of Treasury bonds as of late. Monthly purchases totaled $85 billion a month as recently as last December. At the same time, the Fed pledged to keep its benchmark short-term interest rate near zero for a "considerable time" after the bond buying ends.

THURSDAY

America's gross domestic product ("GDP") grew at a seasonally adjusted annual rate of 3.5% in the third quarter, the Commerce Department said Thursday. Household spending advanced at a 1.8% rate, while business investment increased by 5.5%. Exports rose at a 7.8% rate while imports fell 1.7%.

Initial claims for state unemployment benefits increased 3,000 to a seasonally adjusted 287,000 for the week ended October 25th, the Labor Department said on Thursday. The four week moving average of claims, considered a better measure of labor market trends as it irons out week-to-week volatility, fell 250 to 281,000. Claims at these levels indicate a strengthening in labor market conditions.

FRIDAY

The Commerce Department said on Friday that consumer spending declined 0.2% in September as demand for goods plummeted and demand for services was essentially unchanged. By comparison, consumer spending rose by 0.5% in August. September's decline marks the first time consumer spending declined in 8 months, and could be interpreted as an indication that the U.S. economy has lost some momentum as we head into the 4th quarter of 2014. But with gasoline prices at a near four year low and faster job growth expected to boost wages, there is good reason to believe that the slowdown in consumer spending will be temporary.

TIDBITS

The Standard & Poor's 500 stock index has risen 131 percent since the Fed started its first round of purchases in November 2008.

QUOTE OF THE WEEK

"I have wondered at times about what the Ten Commandments would have looked like if Moses had run them through the U.S. Congress."
- President Ronald Regan

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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