ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending November 22, 2014

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THE MARKETS

Stocks again moved modestly higher and the uptrend was largely attributed to a number of positive economic reports released throughout the week. New and accommodative monetary policy from the central banks of the European Union and China, whose economies are both weakening, boosted global financial markets going into the weekend. Despite the rally in equities, U.S. treasuries also saw inflows this week as international participants moved money into the safe haven assets. The influx lowered the yield on the 10 Year Treasury Note which closed the week down modestly at 2.31 percent. Gold continued to regain some of its glimmer, and it too rallied a modest 0.8 percent for the week.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,634.74	17,810.06	175.32	0.99%	7.44%
Nasdaq	4,688.54	4,712.97	24.43	0.52%	12.84%
S&P 500	2,039.82	2,063.50	23.68	1.16%	11.64%
Russell 2000	1,173.80	1,172.42	-1.38	-0.12%	0.75%

DAILY DEVELOPMENTS

MONDAY

Industrial production fell 0.1 percent in October. The consensus expectation had been for an increase of 0.2 percent. The weakness was mainly due to mining and utilities which slipped 0.9 percent and 0.7, respectively, although both of those sectors had surged in September. Despite the overall drop, the manufacturing sector continued its uptrend, gaining 0.2 percent.

TUESDAY

The Producer Price Index rose unexpectedly in October as a result of a jump in final demand for services. The increase of 0.2 percent followed a 0.1 percent decline in September and expectations were for another 0.1 percent decline in October. Stripping out the volatile food and energy components, PPI rose 0.1 percent which was par with economists' pre-announcement expectations.

WEDNESDAY

Housing starts declined 2.8 percent in the month of October after spiking 7.8 percent in September. The weakness was due to the multi-family housing component which plunged 15.4 percent, while single family starts gained 4.2 percent for the second month in a row. While these numbers continue to be somewhat volatile, single family units are starting to show steady overall improvement.

The Federal Open Market Committee released the minutes of their October 29th meeting on Wednesday. The minutes noted a discussion about the headwinds coming from the struggling economies of Europe and Asia, suggesting that the Fed is not in a rush to raise interest rates. Other items confirmed that the Committee views the employment situation as sluggish, and expects that inflation pressures will subside in the near term.

THURSDAY

Initial jobless claims for the week of November 15th dropped by 2,000 to 291,000, yet the 4 week average climbed slightly higher by 1,750 to 287,500. This is the tenth straight week the average has been under 300,000 which is considered to be a signal of a strengthening labor force. More significantly, on a year-over-year basis initial claims fell more than 12% which is the seventh straight annual decline of 10% or more. A sharp decline in continuing claims of 73,000 pushed the 4 week average down by 6,000 to 2.369 million. Taken as a whole, this week's report adds up to one of the more encouraging improvements in jobless claims in recent history.

The Consumer Price Index was unchanged for the month of October. Energy prices fell 1.9% as a result of the decline in oil prices. Stripping out food and energy prices, the CPI edged up 0.2 percent. Overall, the CPI is up 1.7 percent from a year ago, which is below the 2.0 percent rate the Fed is targeting.

Existing home sales rose 1.5 percent in October to their highest level in a year. Sales are up 2.5 percent from one year ago to an annualized rate of 5.26 million. Supply of homes declined by 2.6 percent from September, a number indicating that the rise in sales may not be as robust as it appears.

Financial firm Markit's Flash U.S. Manufacturing Purchasing Managers' Index (PMI) for November declined to 54.7, down from 55.9 in October. That's the weakest overall improvement in business conditions since the snow-related setback in January. Although the latest reading remained well above the neutral 50.0 threshold, the index has now dropped for three months in a row.

FRIDAY

In a surprise move, the People's Bank of China cut interest rates on Friday for the first time in more than two years. The 0.40 percent cut came in response to China's slowing economy, which still managed a growth rate of 7.3 percent in the most recent quarter.

The European Central Bank also announced on Friday that it would step up its asset purchasing program in an effort to keep its economy from sliding into a deflationary period.

TIDBITS

Japanese Prime Minister Shinzo Abe dissolved the lower house of the Japanese parliament, clearing the way for a general election expected to be held on December 14th. Abe is hoping he will receive a mandate from Japanese voters to move ahead with his policies, which are intended to trigger growth and end deflation.

QUOTE OF THE WEEK

"No matter how great the talent or efforts, some things just take time. You can't produce a baby in one month by getting nine women pregnant."
- Warren Buffet

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.

Happy Thanksgiving!

Best regards,

Andy

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