

The Market Week in Review

For Week Ending November 29, 2014

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THE MARKETS

The technology laden Nasdaq advanced but other indices were little changed in a week of holiday-abbreviated trading. The domestic energy sector came under pressure as crude oil prices plummeted after the OPEC announcement that the oversupply of oil will continue for the foreseeable future. That sector slid nearly 10 percent on the week. Both corporate and government bonds saw steady inflows throughout the week as equities traded on light volume. Buyers of Treasuries sent the yield on the 10 Year Note lower to close the week at 2.19 percent.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,810.06	17,828.24	18.18	0.10%	7.55%
Nasdaq	4,712.97	4,791.63	78.66	1.67%	14.73%
S&P 500	2,063.50	2,067.56	4.06	0.20%	11.86%
Russell 2000	1,172.42	1,173.23	0.81	0.07%	0.82%

DAILY DEVELOPMENTS

MONDAY

The Chicago Fed National Activity Index fell to 0.14 for the month of October from 0.29 in September. The drop was mainly attributed to weakness in mining and utility production. The index is now slightly below its historical average, although it still indicates a trend towards growth.

TUESDAY

The second estimate of the nation's gross domestic product in the third quarter unexpectedly jumped to 3.9 percent. Most economists polled prior to the release expected the second number to be revised downward to 3.3 percent from the advance estimate of 3.5 percent. Helping to lift the number were personal consumption expenditures and nonresidential fixed income investment, which increased more than previously estimated.

Consumer confidence slipped in the November reading of 88.7, but the trend still remains positive. Consumers were less upbeat about current business conditions and the state of the jobs market, as those polled expect the coming 6 month period to be difficult for both businesses and job seekers.

WEDNESDAY

Durable goods orders in October increased 0.4 percent after sliding 0.9 percent in the previous month. The number beat the expectation of -0.5 percent by a wide margin. However if the notoriously volatile transportation component is excluded, orders actually decreased 0.9 percent. The strong transportation number was due to a spike in the purchase of defense aircraft which jumped 45.3 percent.

Contrary to Tuesday's consumer confidence report, November's consumer sentiment survey was positive and came in at 88.8, its highest reading since July of 2007. The current conditions component came in at 102.7, well above October's reading of 98.3. Lower gasoline prices have sparked confidence levels going into the holiday shopping season.

Initial jobless claims rose by 21,000 to a much higher than expected 313,000. The spike drove the 4 week average up 6,250 to 294,000 which is the highest level in two months. A brighter spot in Wednesday's report came in lagging continuing claims data for the week of November 15th, which fell by 17,000 to 2.316 million. Separately, the U.S. Bureau of Economic Analysis (BEA) announced wages in the private sector advanced 5.0% for the year through October, which is close to the peak rate since January 2013.

Consumer spending and personal income both increased 0.2 percent during the month of October after growing by the same amount in September. Year over year the increase amounts to 3.6 percent and 4.1 percent, respectively. Personal consumption expenditure inflation rose only 0.1 percent after a 0.3 percent decrease in September and it is still running below the Fed's goal.

New home sales eased in October to an annualized 458,000 units. The soft number was due in part to a 1.9 percent decline in sales in the South, a region which is larger than all the other regions combined for new homes. Supply remained steady and the median sales price spiked 16.5 percent to a record \$305,000.

THURSDAY

The stock markets were closed on Thursday in observance of the Thanksgiving holiday.

OPEC announced its decision not to cut oil production in the wake of the falling price of crude oil. Heavyweight OPEC members outnumbered poorer nations and chose to ride out the lower prices caused by global oversupply of the commodity. Crude oil futures plunged to a four year low on the news.

FRIDAY

There was no major economic news on Friday.

TIDBITS

Lower oil prices are exacerbating the nation's already tepid inflation levels, and many pundits are now predicting the Federal Reserve will stick to its loose money policy longer than originally expected.

QUOTE OF THE WEEK

"When I started counting my blessings, my whole life turned around."
- Willie Nelson

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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