

The Market Week in Review

For Week Ending October 11, 2014

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THE MARKETS

U.S. stock markets had both their best and worst day of 2014 this week. The Dow surged 275 points on Wednesday, after the release of the minutes of the Federal Open Market Committee which indicated that interest rates would not be raised in the near future. Less than 24 hours later, the markets whipsawed and reversed course as the Dow sank 335 points, or 2% on Thursday. The volatility spooked market participants, and the selling continued through Friday's session as the S&P dropped over 1% and the Dow ended the week below its 2014 open of 16,576. All the major indices finished the week deeply in the red. Gold, which tends to show strength during times of heightened market turmoil, recovered some of its recent losses and closed 2.6% higher on the week.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,009.69	16,544.10	-465.59	-2.74%	-0.20%
Nasdaq	4,475.62	4,276.24	-199.38	-4.45%	2.39%
S&P 500	1,967.90	1,906.13	-61.77	-3.14%	3.13%
Russell 2000	1,104.74	1,053.32	-51.42	-4.65%	-9.48%

DAILY DEVELOPMENTS

MONDAY

There was no major economic news on Monday.

TUESDAY

U.S. employers had 4.84 million unfilled job openings in August, the biggest number since January 2001, according to Labor Department data issued today. By comparison there were 4.67 million unfilled jobs in July. The number of jobs available climbed by 910,000 in the year ended August, the biggest 12 month gain since records began in December 2000.

WEDNESDAY

The Federal Reserve released the minutes of its September 16th-17th meeting on Wednesday. As expected, the minutes indicated a dovish stance on interest rate policy due to below target inflation and weak international economies. The minutes also accentuated the fact that Fed members are working to identify the best strategy to end its quantitative easing program, which is expected to end later this month.

THURSDAY

Initial jobless claims came in 287,000 for the week of October 4th, which was on the low end of expectations. The drop drove the 4 week average down by 7,250 to 287,750, its lowest level since 2006. In lagging data, continuing claims for the week of September 27th also fell, down 21,000 to 2.381 million.

FRIDAY

The price of petroleum imports dropped 2.0% in September and is now down 6.6% from a year ago, according to a report released by the Bureau of Labor Statistics on Friday. Excluding petroleum, imports fell 0.2%. The strong dollar is keeping import inflationary pressures at bay, indicating inflation may continue to run below the Fed's target rate of 2.0%. Export prices also fell in September by 0.2%, mainly due to agricultural prices which were down 0.9%.

TIDBIT

Shale oil drilling companies, which require high levels of debt to fund their drilling projects, have been among the hardest hit in the energy sector during its recent selloff. The combination of the dropping price of crude oil and increasing yields on debt financing has decreased their profitability from both ends of the equation.

QUOTE OF THE WEEK

"We pay the debts of the last generation by issuing bonds payable by the next generation."

- Lawrence J. Peter

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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