ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending October 18, 2014

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THE MARKETS

The stock market continued to struggle this past week as investors worried about a slowing global economy, mixed third quarter corporate earnings reports, and fear of the Ebola virus spreading throughout the globe. By mid-week the Dow and S&P were down 4.16 percent and 4.48 percent, respectively, before a strong rebound to close the week down around 1 percent. Small caps were uncorrelated with the other major indices this week and managed to rally 2.75 percent higher despite all the market volatility. Gold also continued to rally for a second week, closing higher by 1.19 percent.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	16,544.10	16,380.41	-163.69	-0.99%	-1.18%
Nasdaq	4,276.24	4,258.44	-17.80	-0.42%	1.96%
S&P 500	1,906.13	1,886.76	-19.37	-1.02%	2.08%
Russell 2000	1,053.32	1,082.33	29.01	2.75%	-6.99%

DAILY DEVELOPMENTS

MONDAY

There were no major economic announcements on Monday.

TUESDAY

Industrial production in the Eurozone declined 1.8% in August, according to Eurostat, the statistical office of the European Union. The decline was attributed in large measure to a 4.8% decrease in production of capital goods in member countries. Meanwhile, German Economics Minister Sigmar Gabriel announced that Germany's gross domestic product is expected to increase 1.2% this year, less than an earlier projection of 1.8%. In addition, forecasted growth for 2015 was cut to 1.3% from 2%.

WEDNESDAY

Retail sales fell 0.3% in September the Commerce Department said Wednesday. After surging 10.4% in August, auto sales fell 0.8% in September. Excluding autos, sales fell 0.2% in September. Clothing and accessories stores declined by 1.2%, while electronics purchases rose by 3.4%, perhaps due to the release of the new iPhone.

THURSDAY

The Labor Department said Thursday that initial jobless claims fell 23,000 to a seasonally adjusted 264,000, the lowest since April 2000. Employers added 248,000 jobs last month, pushing down the unemployment rate to 5.9 percent, a six year low.

A separate report from the Federal Reserve revealed that factory production rose 0.5 percent in September after falling 0.5 percent in August. The increase was led by gains for aerospace products, furniture, clothing, and plastics. Over the past 12 months, manufacturing output has increased 3.7 percent.

FRIDAY

Housing starts edged up 6.3 percent in September after falling 12.8 percent. The number came in at 1.017 million which was above the consensus expectation of 1.010 million. Multifamily home starts jumped 16.7 percent, while the single family component was up 1.1 percent.

The University of Michigan's Consumer Sentiment Index rose 1.8 points to 86.4 last month, which is its highest reading since July of 2007. The strong reading resulted from low gasoline prices and a falling unemployment rate. The low gasoline prices also reduced the 1 year inflation expectation by 2 tenths down to 2.8 percent.

TIDBITS

The 5.6% drop that Wall Street experienced yesterday pales in comparison to other October market corrections. In fact, it didn't even make the top 10 October declines. In 2008, there was 16.9% decline and stock prices plummeted by 20.47% on Black Monday in October 1987.

QUOTE OF THE WEEK

"It ain't what you don't know that gets you into trouble. It's what you know for sure that just ain't so."
- Mark Twain

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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