ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending October 25, 2014

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THE MARKETS

Domestic equities made a dramatic recovery this past week that amounted to the best week for large caps in almost two years. After a kneejerk reaction to a flood of bad news out of Europe, coupled with questionable domestic economic data released last week, the equity markets rebounded strongly this week in response to reports of solid corporate earnings and a lessening probability of an Ebola outbreak. All the major indices ended the week with strong gains, with the technology laden NASDAQ being the best performer. Gold lost its luster in the face of rising equities, falling 0.50 percent for the week, while the dollar headed higher after a period of weakness during the recent volatility.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	16,380.41	16,805.41	425.00	2.59%	1.38%
Nasdaq	4,258.44	4,483.72	225.28	5.29%	7.35%
S&P 500	1,886.76	1,964.58	77.82	4.12%	6.29%
Russell 2000	1,082.33	1,118.82	36.49	3.37%	-3.85%

DAILY DEVELOPMENTS

MONDAY

There was no major economic news on Monday.

TUESDAY

The National Association of Realtors said existing home sales increased 2.4 percent in September to an annual rate of 5.17 million units, the strongest reading since September of last year. That was above economists' expectations for a rise to a 5.10 million unit pace. Still, sales were 1.7 percent below those for September of last year.

WEDNESDAY

The Labor Department said on Wednesday its Consumer Price Index edged up 0.1 percent last month after declining 0.2 percent in August. Economists polled by Reuters had forecast consumer prices being flat in September. The food index rose 0.3% and five of six major grocery store group indexes increased, while the energy index fell 0.7% as gas, electricity, and fuel oil all declined.

THURSDAY

Initial claims for state unemployment benefits increased 17,000 to a seasonally adjusted 283,000 for the week ended October 18th, the Labor Department said on Thursday. The increase was in line with expectations after last week's sharp decline. The four week moving average of claims, considered a better measure of labor market trends as it irons out week to week volatility, fell 18,260 to 281,000, the lowest level since May 2000.

The Chicago Fed announced that U.S. economic growth accelerated in September. The three month average increased to +0.25 in September from +0.16 in the previous month. Readings above 0 indicate above trend growth, whereas values below -0.70 indicate an "increasing likelihood" that a recession has started.

FRIDAY

New home sales topped expectations in September, coming in at an annualized rate of 467,000. The consensus number was 460,000. However, the report wasn't all good news, as August's spike to 504,000 was revised lower to 466,000. Declines in the median price may also be a factor in the recent increases as prices sank 9.7 percent in September bringing the year-over-year rate to -4.0 percent.

TIDBITS

U.S. corporate bond funds this year are adding Treasuries to their holdings at more than twice the rate of corporate debt amid concern that the struggling European economy and potential changes in Federal Reserve policy will drag down profits at U.S. corporations.

QUOTE OF THE WEEK

"October is one of the peculiarly dangerous months to speculate in stocks. The others are July, January, September, April, November, May, March, June, December, August and February."
- 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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