ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending April 18, 2015

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THE MARKETS

Worry reentered the markets as the economies of our international counterparts in Greece and China continue to struggle. All the major indices closed the week with losses, the majority of which befell in Friday's volatile trading session. The dollar weakened for each of the last five days in a move that prompted crude oil to continue its recent rally. U.S. benchmark crude is now firmly above $57 a barrel, a level not seen since mid-December. Despite the softening dollar and the market's broad volatility, safe-haven gold still closed at a lower level than a week ago. In the midst of a rough week on Wall Street, Treasuries were bid higher sending the yield on the 10 Year Note back down to 1.85 percent.

Index	Started	Ended Week	Change	% Change	YTD %
DJIA	18,057.65	17,826.30	-231.35	-1.28%	0.02%
Nasdaq	4,995.98	4,931.81	-64.17	-1.28%	4.13%
S&P 500	2,102.06	2,081.18	-20.88	-0.99%	1.08%
Russell 2000	1,264.77	1,251.86	-12.91	-1.02%	3.91%

DAILY DEVELOPMENTS

MONDAY

The Treasury ran a deficit of $439 billion during the first half of the fiscal year that begun on October 1st, up 6% from a year earlier, the Treasury Department said Monday in its monthly report. The government's deficit for March was $52.9 billion, up from $36.9 billion last March. Receipts are up 7.3 percent year-to-date reflecting strong tax revenues while spending is up 7.3 percent, including a 9.4 percent increase in Medicare spending tied to Obamacare that more than offset a 3.0 percent decline in defense spending.

TUESDAY

Retail sales increased 0.9 percent according to Commerce Department figures issued Tuesday in Washington. While sales posted their first gain in four months, the rate of increase lagged expectations for a 1.1 percent advance. Auto sales were particularly strong, registering a 2.7 percent sales increase, the biggest gain in a year. Retail sales, excluding autos, rose 0.4 percent after being little changed in February, Tuesday's report showed. They were projected to rise 0.7 percent. Core sales, which is used to calculate gross domestic product and which excludes autos, gasoline stations, and building materials, climbed 0.3 percent after a revised 0.2 percent decrease in February.

The Labor Department said on Tuesday its producer price index for final demand increased 0.2 percent last month, with rising prices for goods accounting for more than half of the jump. The PPI had declined 0.5 percent in February. In the 12 months through March, producer prices fell 0.8 percent after sliding 0.6 percent in February. Over the last 12 months, the PPI has registered the biggest year-on-year decline since the index was reshaped in 2009.

WEDNESDAY

The Federal Reserve said Wednesday that industrial production declined by a whopping 0.6 percent in March, the biggest drop since May 2009. For the first three months of the year, industrial output fell at an annual rate of 1 percent, the worst quarterly performance since the first quarter of 2009. Factory production dropped 0.2 percent in February after falling a revised 0.6 percent in January. Factory output grew by 0.1 percent but the gain was attributable entirely to a 3.2 percent increase in auto production.

The most recent edition of the Federal Reserve's beige book, a summary of business conditions in the 12 Fed districts that is released every six weeks, said the economy in February and March was improving "modestly" or "moderately" across most districts, although Atlanta and Kansas City were simply holding steady.

THURSDAY

Initial claims for state unemployment benefits rose 12,000 to a seasonally adjusted 294,000 for the week ended April 11th, the Labor Department reported Thursday. Claims for the prior week were revised to show 1,000 more applications received than previously reported. The four week moving average of claims ticked up 250 to 282,750 last week. However, the number of people still receiving benefits after an initial week of aid declined by 40,000 to 2.27 million in the week ended April 4th.

Housing starts increased 2% last month to a seasonally adjusted annual rate of 926,000 units, according to the U.S. Commerce Department. Economists polled by Reuters had expected 1.04 million. Building permits decreased the most since May, suggesting residential construction will be slowing in the months to come.

FRIDAY

The Labor Department said Friday its Consumer Price Index increased 0.2 percent last month after a similar gain in February. In the 12 months through March, the CPI fell by 0.1 percent. However, the increases in March were fairly broad-based, suggesting the recent disinflationary trend may have run its course. The so-called core CPI, which strips out food and energy costs, increased 0.2 percent in March after a similar rise in February. In the 12 months through March, the core CPI rose 1.8 percent, the largest increase since October.

The University of Michigan Consumer Sentiment Index increased to 95.9 in April, from a final March reading of 93.0. The index now stands at its second highest reading since 2007, falling below the 11 year high of 98.1 reached in January.

TIDBITS

Investors expect consumer prices to increase 1.45% annually, up from about 1% in January, according to Bank of America Merrill Lynch. The anticipated rise in inflation would be the highest level in nearly two years and is putting pressure on U.S. Treasuries. The U.S. 10-year yield fell two basis points to 1.87%.

QUOTE OF THE WEEK

"Every strike brings me closer to the next home run."
- Babe Ruth

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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