ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending April 4, 2015

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THE MARKETS

Stocks continued to trade in a narrow range during the shortened 4 day week, and the majority of the major indices closed on Thursday with slight gains. However, this week's market-moving news came on Good Friday as the equity markets were closed. A big miss in the March payrolls report prompted equity futures to tumble while Treasury futures spiked to send the yield on the 10 Year Note down to 1.8 percent. Clearly the report bolstered the market's expectations that the Fed will keep rates ultra-low for some time. The news also weakened the dollar versus both the Euro and the Yen. Commodity markets were also closed on Friday, which will likely lead to extremely volatile trading in both the oil and gold markets as traders are first able to react to the report next week.

Index	Started	Ended Week	Change	% Change	YTD %
DJIA	17,712.66	17,763.24	50.58	0.29%	-0.34%
Nasdaq	4,891.22	4,886.94	-4.28	-0.09%	3.19%
S&P 500	2,061.02	2,066.96	5.94	0.29%	0.39%
Russell 2000	1,240.41	1,255.66	15.25	1.23%	4.23%

DAILY DEVELOPMENTS

MONDAY

The Commerce Department said on Monday that consumer spending, which accounts for more than two-thirds of U.S. economic activity, edged up 0.1 percent last month after dropping 0.2 percent in January. Income rose 0.4 percent during the month after a similar gain in January. Savings jumped to $768.6 billion, the highest level since December 2012, from $728.7 billion in January. Households cut back on purchases of big-ticket items like automobiles, but a cold snap lifted spending on utilities.

Pending home sales were up a much stronger-than-expected 3.1 percent in February. The increase follows a 1.2 percent revised gain in January. This is the first back-to-back gain since April and May last year.

TUESDAY

The Conference Board's Consumer Confidence Index hit 101.3 in March, while February's reading was revised up to 98.8 from 96.4. The outlook for the labor market was particularly strong, with the proportion of consumers expecting growth in their incomes improving from 16.4 percent to 18.4 percent, while the proportion expecting a drop declined from 10.8 percent to 9.9 percent.

WEDNESDAY

The Institute for Supply Management, a trade group of purchasing managers, said Wednesday that its manufacturing index slipped to 51.5 in March from 52.9 in February. While reading above 50 signals expansion, it was the fifth straight monthly decline. The strengthening U.S. dollar has led to a decline in the demand for exports for the past three months, according to the survey.

U.S. construction spending slipped 0.1 percent in February, the Commerce Department reported Wednesday. February's pullback comes on the heels of a revised 1.7 percent drop in January. Total private construction spending, which rose 0.2 percent, was offset by a 0.8 percent retreat in public construction spending. Private spending on construction of single family homes declined 1.4 percent - the biggest drop since 2010. Some economists have blamed the severe winter weather that was experienced in many parts of the country for the decline in construction. If this theory is correct, construction spending should rebound with improving spring weather.

THURSDAY

Initial jobless claims dropped 20,000 to 268,000 for the week of March 28th. The reduction pulled the 4 week average down to 285,000, the lowest reading since November. However, workers employed for the upcoming Easter holiday are likely to have given a positive bias to the reading. Continuing claims also improved markedly, declining 88,000 to 2.33 million in lagging data for the March 21st week. The 4 week average for that category fell 20,000 to 2.39 million.

The U.S. trade deficit tightened significantly in February to $35.4 billion from $42.7 billion in January. Much of the reduction was due to lower oil prices, although the stronger dollar may also be cutting into import prices. Imports gapped down 4.4 percent while exports dropped 1.6 percent. Both figures also decreased in January by 3.6 percent and 3.0 percent, respectively.

FRIDAY

The nonfarm payrolls report was a big miss with the economy adding just 126,000 jobs in March, missing the expected number of 247,000 by a long shot. Adding to the soft data, both the January and February numbers were revised down a combined 69,000. The unemployment rate remained at 5.5 percent, but the labor force participation rate remains near historic lows at 62.7 percent. The U-6 unemployment rate, which factors in the underemployed and those who have given up looking for jobs, registered 10.9 percent in March. That figure has been in the double digits since June of 2008.

TIDBITS

A recent breakthrough in nuclear talks with Iran has led to speculations about the future of the oil market. If the European Union's sanctions are lifted on imports of Iran's oil, global supply could potentially increase by 1 percent per day, causing a continued surge in the oil supply glut. However, analysts say any significant increase in production is unlikely to occur before 2017 due to years of underinvestment in Iran's oilfields.

QUOTE OF THE WEEK

"Business is the salt of life."
- Thomas Fuller

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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