

The Market Week in Review

For Week Ending August 15, 2015

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THE MARKETS

Energy stocks rebounded this week to lead the broader markets higher even as crude oil prices slid to a fresh 6-1/2 year low. The People's Bank of China spooked markets around the globe mid-week as it announced new measures to devalue the Chinese yuan in hopes of bolstering its faltering economy. However, the initial selling was met with a huge reversal as a flood of buyers pounced on what some investors perceived as bargains. All the major averages managed to finish in the green despite the ongoing economic issues in China, Greece, and several other countries. Despite perceptions to the contrary, the volatility of the U.S. stock market remains near historic lows as the S&P continues to grind sideways into the eighth month of the year.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,373.38	17,477.40	104.02	0.60%	-1.94%
Nasdaq	5,043.54	5,048.24	4.70	0.09%	6.59%
S&P 500	2,077.57	2,091.54	13.97	0.67%	1.59%
Russell 2000	1,206.90	1,212.69	5.79	0.48%	0.66%

DAILY DEVELOPMENTS

MONDAY

The New York Fed's July Survey of Consumer Expectations found that households expect to increase spending by 3.5 percent over the next year, down from the 4.3 percent gain seen in June, according to the median response. It was the lowest reading since the survey started in 2013. Median expected inflation over the next year was unchanged at 3 percent.

The Federal Reserve's Labor Market Conditions Index improved by 1.1% in July. The indicator has risen for three consecutive months and on average by 0.4% for the last six months, indicating slow but steady improvement in the U.S. labor market conditions.

TUESDAY

The Labor Department reported on Tuesday that U.S. non-farm productivity, which measures hourly output per worker, increased at a 1.3 percent annual rate in the second quarter. Economists had forecast productivity rising at a 1.6 percent rate. Productivity rose only 0.3 percent from a year ago. First quarter productivity was revised to show it falling at a 1.1 percent rate instead of the previously reported 3.1 percent pace of decline.

WEDNESDAY

The number of U.S. job openings declined to 5.25 million in June, down from 5.36 million in May, while the number of people hired in June rose 5.18 million from 5.06 million, the Labor Department said Wednesday. The quits rate, which attempts to measure the willingness of employees to quit their current job for a new one, was unchanged at 1.9%. The hiring rate picked up slightly, to 3.7% from 3.6%.

THURSDAY

The number of Americans filing new applications for unemployment benefits unexpectedly rose last week by 5,000 to a seasonally adjusted 274,000 for the week ended August 8th, the Labor Department said on Thursday. Claims for the prior week were revised lower by 1,000. The four week moving average of claims fell 1,750 to 266,250 last week, the lowest since April 2000.

Also on Thursday the Commerce Department said retail sales rose 0.6 percent last month, and were unchanged in June. Sales last month rose in most categories. Excluding automobiles, gasoline, building materials and food services, retail sales rose 0.3 percent after a revised 0.2 percent gain in June.

FRIDAY

Wholesale prices for consumers rose more than expected in July, according to the Bureau of Labor Statistics' Producer Price Index. However, even with July's 0.2 percent rise, prices are still down 0.8 percent from a year ago. Excluding food and energy, prices rose 0.3 percent, but here too the year-on-year number softened two tenths to +0.6 percent. Energy prices, which dipped 0.6 percent in July, are down 17.6 percent from a year ago.

U.S. industrial output shot up 0.6 the Federal Reserve said on Friday. July's larger-than-expected improvement was the largest since last November. The gain in output reflected a 0.8 percent increase in Factory production, while motor vehicle output surged 10.6%. Mining production edged up 0.2 percent, while utilities production fell 1.0 percent.

TIDBITS

The Obama administration will allow for limited exporting of U.S. crude oil to Mexico as the U.S. Commerce Department eases a 40 year ban on selling oil overseas. The agreement with Mexico calls for swaps of U.S. light crude in exchange for heavy crude which Mexican refineries are ill-equipped to process, but that is easily processed by Gulf Coast refineries.

QUOTE OF THE WEEK

“Whatever you can do, or dream you can, begin it. Boldness has genius, power and magic in it.”
- Johann Wolfgang von Goethe

I hope you have found the information in this week’s market summary informative. 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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