ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending February 14, 2015

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THE MARKETS

The rally on Wall Street continued this week and the S&P closed at a brand new all-time high on Friday. After a mid-week selloff in crude oil due to reports of massive oversupply, the commodity rebounded to end the week 2 percent higher. The reversal was triggered by announcements of spending cuts from some major oil titans that should ultimately reduce supply. A weaker than expected retail sales headline number (see discussion below) caused the dollar to soften which further fueled the rally in both the oil market and the broader equity markets. Treasuries sold off in response to the equity rally and also recent speculation that the Fed may raise interest rates as early as June due to a seemingly improving labor market. The move lower in Treasury prices caused the yield on the 10 Year Note to rise above 2 percent for the first time in over a month. Despite the volatility in commodity prices, gold closed the week nearly flat.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,824.29	18,019.35	195.06	1.09%	1.10%
Nasdaq	4,744.40	4,893.84	149.44	3.15%	3.33%
S&P 500	2,055.47	2,096.99	41.52	2.02%	1.85%
Russell 2000	1,205.46	1,223.13	17.67	1.47%	1.53%

DAILY DEVELOPMENTS

MONDAY

China's foreign trade tumbled in January according to data released by the General Administration of Customs (GAC). China's trade volume totaled 2.09 trillion yuan (341.16 billion U.S. dollars) last month, down 10.8 percent year on year. Exports dropped 3.2 percent to 1.23 trillion yuan and imports slumped 19.7 percent to 860 billion yuan, making the trade surplus expand 87.5 percent to 366.9 billion yuan, according to the GAC data. The data indicates that the Chinese economy is expanding at its slowest rate in 24 years.

TUESDAY

Job openings increased to 5 million in December, according to the latest job openings and labor turnover survey, or JOLTS report, which was issued by the Labor Department's Bureau of Labor Statistics on Tuesday. Job openings at the end of 2014 were at their highest level since January 2001. The number of job openings is seen as a measure of labor market slack, with more job openings indicating that workers are in a stronger position to negotiate for higher wages and improved benefits.

WEDNESDAY

Data released by The Energy Information Administration (EIA) on Wednesday suggests that the petroleum glut in the U.S. is heavier than ever. Imports of oil were down in the February 6th week but oil inventories still rose by 4.9 million barrels to a third straight 80 year high of 417.9 million barrels. The EIA's report follows a report on Tuesday by the International Energy Agency (IEA) which warned that ample supplies will raise global inventories before investment cuts begin to significantly dent production. Crude oil prices fell sharply in response to the news.

THURSDAY

The Labor Department weekly jobs report showed initial claims for state unemployment benefits rose 25,000 for the week ended February 7th to a seasonally adjusted 304,000. By comparison, economists polled by Reuters had forecast new claims of 285,000. However, the four week moving average of claims fell 3,250 to 289,750.

Also on Thursday the Commerce Department said that retail sales declined by 0.8% in January. January's decline followed a 0.3 percent drop in December and was below expectations for a 0.4 percent increase. However the weakness in the headline number is due in large measure to falling gasoline prices. A year-over-year comparison for retail sales ex-gasoline indicates that retail spending jumped 6.6% last month as compared to January 2014, which is the biggest annual increase in four years.

FRIDAY

The University of Michigan's Consumer Sentiment survey dropped nearly 5 points to 93.6 in February's mid-month reading. The number missed expectations but is still very strong and was helped in part by gasoline prices which have remained low.

Prices of imported goods dropped 2.8 percent in January and are down 8 percent from one year ago. Not surprisingly, the contraction was mainly due to petroleum prices which fell 17.7 percent and are now down 40.1 percent in the past year. Excluding petroleum, prices were down 0.7 percent. This report from the Bureau of Labor Statistics certainly caught the eye of policy makers at the Fed, as the risk of deflation could cause them to delay once again their long expected interest rate hike.

TIDBITS

Janet Yellen, head of the Federal Reserve, is set to make her first appearance before Congress since Republicans took control of the Senate. Yellen is scheduled to testify February 24th before the Senate banking committee and February 25th before the House Financial Services Committee.

QUOTE OF THE WEEK

"I never dreamed about success. I worked for it."
- Estee Lauder

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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