

The Market Week in Review

For Week Ending February 21, 2015

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THE MARKETS

After trading was virtually flat during most of the shortened President's Day week, stocks rallied on Friday on news that Greece reached a deal with Eurozone finance ministers for a four month extension of its bailout agreement. The end result was that the Dow and the S&P closed the week at record highs. Tech stocks were in rally mode as well with the NASDAQ now approaching heights last seen at the height of the dot com bubble. U.S. Treasuries, on the other hand, sold off as reports of the Greek debt deal lessened the demand for safe-haven assets that have been pushing yields lower in recent weeks. The yield on the 10 Year Note rose to 2.13% after sinking as low as 1.65% as recently as three weeks ago. Continued strength for the U.S. dollar weighed heavily on commodity prices, with gold falling another 2.3%.

| Index | Started Week | Ended Week | Change | % Change | YTD % |
|--------------|--------------|------------|--------|----------|-------|
| DJIA | 18,019.35 | 18,140.44 | 121.09 | 0.67% | 1.78% |
| Nasdaq | 4,893.84 | 4,955.97 | 62.13 | 1.27% | 4.64% |
| S&P 500 | 2,096.99 | 2,110.30 | 13.31 | 0.63% | 2.50% |
| Russell 2000 | 1,223.13 | 1,231.79 | 8.66 | 0.71% | 2.25% |

DAILY DEVELOPMENTS

MONDAY

The stock and bond markets were closed on Monday in observance of President's Day.

TUESDAY

The National Association of Home Builders/Wells Fargo housing market index declined in February to a four month low of 55.0 from 57.0 in January. Analysts expected the index to rise to 58.0 in February. The decline was not enough to signal a negative outlook however as readings above 50 indicate home builders feel the housing market is favorable.

WEDNESDAY

The Federal Reserve released the minutes from the January 27th – 28th meeting of its policy making Federal Open Market Committee on Wednesday. Those minutes suggest that several Committee members remain concerned about the low rate of inflation, continued weakness in the U.S. job market and economic threats overseas. As a result it seems the Federal Reserve will once again delay its plan to begin raising interest rates. The Fed's benchmark interest rate has been near zero since December 2008.

In a separate report the Federal Reserve announced that its industrial production index increased by 0.2 percent in January. Market expectations were for a 0.4 percent bounce. Total industrial production in January was 4.8% above its year ago level. The manufacturing output component of the index was also up 0.2%, and was 5.6% above its year ago level. That's the largest annual gain since February 2011. The mining index declined 1%, as a result of a substantial drop in the index for oil and gas, well drilling, and related support activities.

Also on Wednesday, the Labor Department reported that its producer price index decreased a seasonally adjusted 0.8% in January. The index, which is a way to gauge inflationary pressures present in the U.S. economy, was dragged down by a 24% drop in gasoline prices. The index for final demand goods dropped 2.1%, its seventh consecutive monthly decline.

THURSDAY

The Department of Labor weekly jobs report showed initial jobless claims dropping 21,000 during the February 14th week with total claims registering 283,000. The decline brought the four week average down 6,500 to 283,250 which is the lowest level since early November. Continuing claims, which are reported with a one week lag, rose by 58,000 to 2.42 million, although the four week average for that component dropped 10,000 to 2.40 million.

FRIDAY

A Markit survey of U.S. manufacturers in February showed production at U.S. factories is at a four month high. However, manufacturing employment growth has slowed to its lowest level in seven months. Weakness in exported goods has led to the new business growth at its slowest pace in 13 months.

TIDBITS

Wal-Mart, the world's largest retailer, announced it will be raising the wages of half a million of its employees to at least \$1.75 above the federal minimum wage. The wage hike was more a result of market pressures than political ones, as the company has been losing millions of employees to higher paying jobs, which in turn resulted in excessive training costs.

QUOTE OF THE WEEK

"If I have to go around telling everyone how great I am, then there's something wrong with my act."

- Les Paul

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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