ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending February 7, 2015

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THE MARKETS

After a shaky January in the equity markets, stocks snapped back and began the month of February on a positive note. All the major indices moved significantly higher to erase January's losses. Oil prices rallied as crude oil futures soared 9 percent, contributing to broad-based market volatility throughout the week. Conversely, gold closed down 4 percent. Treasuries sold off on a positive jobs report, prompting the yield on the 10 Year Note to spike to 1.95 percent, recording its biggest one week gain since June of 2013.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,164.95	17,824.29	659.34	3.84%	0.01%
Nasdaq	4,635.24	4,744.40	109.16	2.36%	0.18%
S&P 500	1,994.99	2,055.47	60.48	3.03%	-0.17%
Russell 2000	1,165.39	1,205.46	40.07	3.44%	0.06%

DAILY DEVELOPMENTS

MONDAY

The Institute for Supply Management said Monday that its manufacturing index fell to 53.5 in January from 55.1 in December. While any reading above 50 signals expansion, January's decline was the third straight monthly drop in the index and the lowest reading since January 2014. New orders grew last month, but at the slowest pace in a year, the survey found.

Also on Monday the Commerce Department said that consumer spending fell 0.3 percent in December, compared to a 0.5 percent increase in November. Lower gasoline prices contributed to the decline. By comparison, personal income rose 0.3 percent in December. Consumers saved 4.9 percent of their disposable income, up from 4.3 percent in November.

TUESDAY

New factory orders in the U.S. dropped 3.4% in December compared with November to 471.5 billion according to data released Wednesday from the Commerce Department. Most sectors were affected. Factory orders, not including the transportation category, lost 2.3 percent in December, the most since March of 2013, and 1.3 percent off November's total. A rising U.S. dollar, weak oil prices, and a slowing world economy drove the decrease.

WEDNESDAY

The Institute for Supply Management said Wednesday that its services industries index rose to 56.7 in January, up slightly from 56.5 in December. The ISM employment index, however, slowed to 51.6 in January from 55.7. In both cases readings over 50 is indicative of expansion.

THURSDAY

New weekly filings for unemployment benefits rose last week to a seasonally adjusted 278,000. That is an increase of 11,000 from last week, but remains close to a 15 year low. The number is particularly good when considered in light of the week prior's decline of 42,000, which was originally attributed to the Martin Luther King Jr. holiday but now appears to have been a product of a significant strengthening of the U.S. labor market.

The Commerce Department said on Thursday that the U.S. trade deficit grew by 17.1% to $46.6 billion from a revised $39.8 billion in November. Exports were down 0.8 percent after declining 1.1 percent in November, while imports grew by 2.2 percent after falling 1.8 percent the prior month. Weak foreign growth and a strong dollar were the primary culprits for the larger than expected trade deficit increase. The services surplus was essentially unchanged at $19.5 billion.

FRIDAY

Nonfarm payrolls increased by 257,000 during January, beating the consensus estimate of 230,000. Although the headline number came in better than expected, the unemployment rate edged up 0.1 percent to 5.7 percent as the labor force participation rate increased. The January report tends to be volatile, but the increase in the participation rate is a signal that previously discouraged workers feel positive about the economy.

TIDBITS

According to a recent report in *Money* magazine (www.money.com), the average index fund returned 8.0% in 2014, compared with a return of 6.8% for the average actively-managed fund.

QUOTE OF THE WEEK

"Twenty years from now you will be more disappointed by the things you didn't do than the ones that you did do. So throw off the bow-lines. Sail away from the safe harbor. Catch the trade winds in your sails. Explore. Dream. Discover."
- Mark Twain

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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