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ASSET MANAGEMENT

The Market Week in Review

For Week Ending January 10, 2015

THE MARKETS

The equity markets started 2015 slowly due to sinking oil prices, political and economic troubles from around the world, and weaker than expected U.S. economic data. However the stock market rebounded sharply mid-week in response to stabilizing oil prices, although even positive data out of the labor market couldn't buoy stock prices going into the weekend. Expectations that the European Central Bank is close to launching a massive round of quantitative easing to avert deflation led currency investors to sell their Euros this week. The euro fell Thursday to a nine year low against the U.S. dollar. There is also ongoing speculation that Greece may exit the Eurozone due to its faltering economy. Gold jumped nearly 3 percent higher in the wake of the market's volatility.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,832.99	17,717.37	-115.62	-0.65%	-0.59%
Nasdaq	4,726.81	4,704.07	-22.74	-0.48%	-0.68%
S&P 500	2,058.20	2,044.81	-13.39	-0.65%	-0.68%
Russell 2000	1,198.80	1,185.68	-13.12	-1.09%	-1.58%

DAILY DEVELOPMENTS

MONDAY

U.S. car dealers sold 16.5 million new autos in 2014, the biggest number since sales hit 16.94 million in 2006, according to Autodata. Fiat Chrysler led the growth, selling 16% more cars last year than in 2013.

TUESDAY

The Commerce Department announced on Tuesday that U.S. factory orders declined by 0.7 percent in November, matching the decline registered last October. The November decrease was attributed to a decline in demand for primary metals, industrial machinery and military aircraft, which resulted in a 0.9 percent decline in the durable goods component of the index. The non-durable goods component fell 0.5 percent, reflecting weakness for food and petroleum products.

Contact Us

- Our Website: www.estatecounselors.com
- Our E-mail: firm@estatecounselors.com
- Our Phone Number: (262) 238-6996
- Our Address: 414 N. Main Street Thiensville, WI 53092

Also on Tuesday The Institute for Supply Management said its December reading for non-manufacturing index fell to 56.2 last month. December's decline should be taken with a grain of salt given November's reading nearly matched the eight year high reading of 59.6 that was scored last August. Moreover, any reading over 50 indicates the service sector of the nation's economy is expanding.

WEDNESDAY

The U.S. Trade deficit narrowed to $39 billion during the month, down 7.7 percent from a revised October deficit of $42.2 billion, the Commerce Department reported Wednesday. Imports posted a drop of 2.2 percent to $235.4 billion largely as a result of a decline in oil prices. A simultaneous boom in domestic oil production has also cut the country's reliance on imported oil. The U.S. trade deficit with China dropped 8 percent to $29.9 billion in November but remained on track to set a new all time high for the year. The U.S. deficit with the European Union dropped 7.4 percent to $11.8 billion in November.

Minutes of the Federal Open Market Committee's December meeting suggested growing optimism that the U.S. economy has begun a sustainable recovery. The minutes indicate that the Fed expects that improved consumer and business confidence, growing payrolls, and falling oil prices will result in a stronger domestic economy than originally expected. However the minutes also noted that the weakness of the world economy could prove to be a drag on U.S. growth.

THURSDAY

The Labor Department reported on Friday that initial claims for state unemployment benefits declined by 4,000 to a seasonally adjusted 294,000 for the week ended January 3rd. While Wall Street had expected claims to drop to 290,000, the trend in claims remained consistent with a steadily tightening labor market.

FRIDAY

The Labor Department reported on Friday that 252,000 jobs were added last month, which is slightly more than had been expected. As a result, the unemployment rate dropped to 5.6 percent from 5.8 percent. In addition, more jobs were added in October and November than it had previously estimated. Wage growth, however, remained weak.

TIDBITS

An InvestmentNews survey has found that 8 in 10 investment advisers are somewhat or very optimistic about this year.

QUOTE OF THE WEEK

"It has been my observation that most people get ahead during the time that others waste."
- Henry Ford

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

Andrew J. Willms, J.D. LL.M.

Estate Counselors, LLC
414 N. Main Street
Thiensville, WI 53092
Phone (262) 238-6996
Fax (262) 238-6999
www.estatecounselors.com