ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending January 17, 2015

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THE MARKETS

Many market pundits have predicted that volatility will return to the markets in 2015, and two weeks into the new year, they are so far correct. The equity markets saw violent intra-day moves to the upside and the downside as market participants remained undecided regarding the impact low oil prices will have on the U.S. economy. Adding to the week's gyrations was the Swiss franc, which abruptly rallied 30 percent against the Euro after the Swiss National Bank removed the longstanding cap on the franc's value. The move sent several currency brokerages into a tailspin with massive trading losses. The volatility in equities has driven investors into U.S. Treasuries, pushing the yield on the benchmark 10 Year Note below 2 percent and to its lowest levels since April of 2013. Gold also benefited, rising 4.5 percent this week.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,717.37	17,511.57	-205.80	-1.16%	-1.75%
Nasdaq	4,704.07	4,634.38	-69.69	-1.48%	-2.15%
S&P 500	2,044.81	2,019.42	-25.39	-1.24%	-1.92%
Russell 2000	1,185.68	1,176.65	-9.03	-0.76%	-2.33%

DAILY DEVELOPMENTS

MONDAY

There were no major new economic announcements on Monday.

TUESDAY

The Treasury Department announced that the federal government's deficit increased by 2.4% to $176.7 billion for the first three months of the current budget year, which began October 1st. The increase would have been greater had it not been for a $2.4 million dollar payment from Freddie Mac for support it received during the financial crisis. The Congressional Budget Office is predicting that that the deficit for the 2015 budget year through September will fall to $469 billion from $483.3 billion in 2014 as a result of increased tax revenues attributable to the economic recovery.

WEDNESDAY

Retail consumption fell 0.9% last month according to data released by the U.S. Census Bureau on Wednesday. That is well below the consensus view which called for a relatively mild 0.1% decline in December. However, much of December's weakness can be attributed to falling oil prices which led to a decline of 6.5% in gasoline sales last month. Retail consumption, excluding gasoline, actually increased by 5.3% on a year over year basis, which is only slightly less than November's 5.7% gain.

THURSDAY

The Labor Department said Thursday that new applications for unemployment benefits increased by 19,000 over the most recent weekly reporting period to a seasonally adjusted number of 316,000. The four week average, a less volatile measure, rose by 6,750 to 298,000. While the increase surpassed expectations, it remained below 300,000 which is considered to be a sign of a good labor market. The recent trend suggests that employers expect solid economic growth to continue which could lead to increased hiring.

FRIDAY

The Labor Department said Friday that its consumer price index dropped 0.4 percent last month, the biggest one month drop since December 2008. The decline was driven in large part by a big decrease in gas prices brought on by the collapse in oil prices. Core inflation, which excludes the volatile food and energy components, was flat for only the second time since 2010. For the year, consumer prices rose 0.8 percent compared to a 1.5 percent increase in 2013 and a 1.7 percent increase in 2012.

Factory output rose 0.3 percent last month, the Federal Reserve said on Friday. Mining output jumped by 2.2 percent, reflecting an increase in oil and gas extraction. However, the gains in manufacturing and mining were not enough to compensate for a sharp 7.3 percent drop in utilities output, and as a result overall industrial production edged down 0.1 percent, its first decline in four months.

TIDBITS

Student loan debt outstanding in the U.S. was $1.13 trillion as of September 30, 2014. That was an increase of about $100 billion from a year earlier.

QUOTE OF THE WEEK

"Experience is what you got when you didn't get what you wanted."
- Randy Pausch

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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