

The Market Week in Review

For Week Ending January 24, 2015

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THE MARKETS

Volatility in the equity markets continued in another holiday abbreviated week of trading. This week, however, volatility led stocks higher. Adding to the week's gains was a statement from the European Central Bank's President, Mario Draghi that the ECB will embark on at least €1.1 trillion of quantitative easing through September 2016 in an effort to revive inflation in Eurozone economies. The announcement pushed the euro to an 11 year low against the greenback. Gold managed to continue its march higher and surprisingly traded with a high correlation to the broader markets. The yellow metal closed 1.4 percent higher on the week.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,511.57	17,672.60	161.03	0.92%	-0.84%
Nasdaq	4,634.38	4,757.88	123.50	2.66%	0.46%
S&P 500	2,019.42	2,051.82	32.40	1.60%	-0.34%
Russell 2000	1,176.65	1,188.93	12.28	1.04%	-1.31%

DAILY DEVELOPMENTS

MONDAY

Markets were closed Monday in observance of the Martin Luther King holiday.

TUESDAY

The National Association of Home Builder's housing market index for December fell to 57, which is slightly below November's reading of 58 and on the low side of expectations. The decline was driven by a reduction in apartment projects, which can be volatile from month to month. Nonetheless, December's reading of 57 was the 6th reading in a row that the index was at or above a neutral reading of 50.

WEDNESDAY

On Wednesday the Commerce Department announced that work began on new homes during December at a rate of 728,000 houses per year, which represents a 7.2 percent increase from November and the most since March of 2008. Total housing starts, which include apartments, climbed 4.4 percent to a 1.09 million annual rate. However applications for construction permits, which are seen as a proxy for future construction, declined 1.9 percent in December to a 1.03 million pace. The decline was the result of fewer applications for multi-family projects.

THURSDAY

New applications for unemployment benefits decreased by 10,000 to 307,000 in the week ended January 17th, from a revised 317,000 in the prior period, according to the Labor Department's weekly report. The median forecast of 52 economists surveyed by Bloomberg called for a decline to 300,000. The four week moving average, a less volatile measure than the weekly figures, climbed from 300,000 to 306,500 last week, the highest number since mid-July.

FRIDAY

Existing home sales jumped 2.4 percent in December to an annualized rate of 5.04 million units. The number was in-line with expectations and was led by single family units which rose 3.5 percent, signaling first time buyers entering the market. Median sales prices also gained 1.1 percent, showing strength in demand with prices now 6.0 percent higher than a year ago.

TIDBITS

Moody's Investors Service has lowered Russia's credit rating to Baa3, just one notch above junk status, citing the collapse of oil prices. The rating matches what Standard & Poor's and Fitch Ratings have assigned.

QUOTE OF THE WEEK

"Put two things together which have never been put together before, and some schmuck will buy it."

- George Carlin, American comedian.

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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