

The Market Week in Review

For Week Ending January 3, 2015

THE MARKETS

The first trading day of the year marked the last trading day for the week, making it difficult to discern any real direction in the markets' sentiment, although all of the major indices ended the week lower. Not surprisingly equities sold off during the New Year's Eve trading session as many participants engaged in last minute tax-loss harvesting. Large caps have been somewhat range-bound with the S&P closing the week down nearly 1.5 percent. The dollar's strength continued and it is now at its strongest level since September of 2010.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	18,053.71	17,832.99	-220.72	-1.22%	0.06%
Nasdaq	4,806.86	4,726.81	-80.05	-1.67%	-0.20%
S&P 500	2,088.77	2,058.20	-30.57	-1.46%	-0.03%
Russell 2000	1,215.21	1,198.80	-16.41	-1.35%	-0.49%

DAILY DEVELOPMENTS

MONDAY

There were no major economic announcements on Monday.

TUESDAY

The Conference Board's Consumer Confidence Index rose to 92.6 in December, up from November's revised reading of 91. The increase was attributed to a more positive outlook on economic and labor market conditions. The Present Situation Index climbed to 104, which is the highest level it has reached since February 2008.

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The S&P/Case Shiller composite index of home prices in 20 large metropolitan areas gained 4.5 percent in October as compared to 2013. The gain was marginally lower than the 4.8 percent increase seen in September, but was slightly better than the 4.4 percent increase economists polled by Reuters had been expecting. On a seasonally adjusted monthly basis, prices in the 20 cities that make up the index rose 0.8 percent in October.

WEDNESDAY

Initial claims for state unemployment aid increased by 17,000 to a seasonally adjusted 298,000 for the week ended December 27th, the Labor Department said on Wednesday. The increase comes on the heels of four straight weekly declines, but the week after Christmas has a history of being rather volatile.

Also on Wednesday, the National Association of Realtors said on Wednesday its Pending Home Sales Index, which measures purchase contracts signed during the previous month, gained 0.8 percent to 104.8. Contracts rose in the Northeast, South, and West but fell in the Midwest. Compared to October of last year, contracts were up 4.1 percent.

THURSDAY

Markets were closed on Thursday in observance of New Year's Day.

FRIDAY

The Institute of Supply Managers' Manufacturing Index registered at 55.5, below the expected 57.5 for the month of December. The softness was due to new orders, which declined to 57.3 from 66.0 the month prior. The recent decline in fuel prices led to a large drop in the input prices component which fell 6 points to 38.5.

TIDBITS

The S&P 500 ended 2014 with its third straight year of double digit gains. The Dow, S&P, and NASDAQ gained 7.5 percent, 11.4 percent, and 13.4 percent in 2014, respectively.

QUOTE OF THE WEEK

"How did it get so late so soon? Its night before its afternoon. December is here before its June. My goodness how the time has flown. How did it get so late so soon?"
- Dr. Seuss

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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