ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending July 18, 2015

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THE MARKETS

Stocks snapped back after several weeks of volatility that was caused in large part by a number of factors overseas. Better than expected corporate earnings helped to push the S&P up against its all-time highs and the Nasdaq surged 4.25 percent to levels that index has never before seen. The dollar continued to strengthen, driving down the price of both gold and crude oil. Gold reached a five year low and oil declined to levels last seen in March. The yield curve flattened as longer term Treasury prices increased sending their corresponding interest rates lower, while shorter term rates continued to rise modestly. The yield on the benchmark 10 Year Note ended the week 0.05 points higher at 2.35 percent.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,760.41	18,086.45	326.04	1.84%	1.48%
Nasdaq	4,997.70	5,210.14	212.44	4.25%	10.01%
S&P 500	2,076.62	2,126.64	50.02	2.41%	3.29%
Russell 2000	1,252.02	1,267.09	15.07	1.20%	5.18%

DAILY DEVELOPMENTS

MONDAY

There were no major economic announcements on Monday.

TUESDAY

Retail sales disappointed in June, contracting 0.3 percent after a spike of 1.2 percent in May. Weakness was seen in all components except general merchandise and electronic and appliance stores which posted solid gains. Auto sales, which are a volatile component of the report, fell 1.1 percent hurting the core reading.

WEDNESDAY

Producer prices ticked up 0.4 percent in June, a report from the Bureau of Labor Statistics said. Excluding the volatile food and energy component the PPI rose 0.3 percent, above most analysts' forecast. Increasing pressure on prices will have the hawks in the Fed pushing for a rate hike later this year, although pressures are still a ways off from the Fed's 2 percent inflation target.

Industrial production rose 0.3 percent in June, although the increase came after two very soft months. Automobile production was quite weak following slowing auto sales figures, something that mutes the outlook for that industry in the near future. Manufacturing activity is suffering from weak exports caused by the strong dollar.

THURSDAY

Initial jobless claims narrowly beat the consensus estimate, registering 281,000 in the week of July 11th. However, the four week average jumped 14,000 which does not bode well for July's employment report. On the contrary, continuing claims dropped by 112,000 to 2.21 million for the week of July 4th. Retooling in the automotive manufacturing sector tend to skew the accurateness of these readings in July.

The Philadelphia Fed's Business Outlook Survey sank to 5.7 in July as shipments and backlogs in the manufacturing sector slowed. Again the recurring theme here is weakness caused by slowing exports.

FRIDAY

The Consumer Price Index rose 0.3 percent as expected in June. Although consumer prices are only up 0.1 percent from a year ago, Fed officials are happy with the recent trajectory of price inflation. Energy and gasoline prices led the figure higher. Egg prices were also notable in this report as they increased 18.3 from the prior month leading to a 0.3 percent rise in overall food prices.

Housing starts increased 9.8 percent in June although the increase was led by apartment units. Single family units actually fell 0.9 percent. The South, which is the largest region for housing, boasted both a 13.5 percent increase in starts and a 10.4 percent increase in permits signaling underlying strength in the sector.

Consumer sentiment softened in the mid-month July reading to 93.3, below the expected 96.0. However, the reading is still solid and it points to a consumer who is upbeat on the outlook of the jobs market. Inflation expectations rose slightly to a one year outlook of 2.8 percent.

TIDBITS

Estimates of growth in U.S. gross domestic product from the Federal Reserve Bank of Atlanta, private research firm Macroeconomic Advisers, and Barclays Capital all show the economy expanded in the second quarter at an annual rate above 2% after shrinking in the first three months of the year at a 0.2% pace.

QUOTE OF THE WEEK

"Life shrinks or expands in proportion to one's courage."
- Anais Nin

I hope you have found the information in this week's market summary informative. 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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