

The Market Week in Review

For Week Ending June 27, 2015

THE MARKETS

Positive reports released this week announcing strong new home and retail sales, rising consumer sentiment and a strengthening labor market suggests that the U.S. economy is gaining speed in the second quarter after output slumped at the start of the year. However, the ongoing debt crisis in Greece was enough to mute any optimism for domestic equities and the all the major indices ended the week in negative territory. The U.S. dollar regained strength which sent the price of gold lower to trade below \$1,200. The price of crude oil fluctuated with some volatility but ultimately closed the week nearly flat, shy of \$60 a barrel.

Index	Started	Ended Week	Change	% Change	YTD %
DJIA	18,015.95	17,946.68	-69.27	-0.38%	0.69%
Nasdaq	5,117.00	5,080.51	-36.49	-0.71%	7.27%
S&P 500	2,109.99	2,101.49	-8.50	-0.40%	2.07%
Russell 2000	1,284.66	1,279.80	-4.86	-0.38%	6.23%

DAILY DEVELOPMENTS

MONDAY

Sales of previously owned houses increased 5.1% in May to an annualized rate of 5.35 million according to a report issued Monday by the National Association of Realtors. First-time buyers accounted for 32 percent of purchases during the month, matching the highest share since September 2012. In total sales of existing homes reached their highest level since November 2009.

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

TUESDAY

The Commerce Department said Tuesday that total orders for durable goods dropped 1.8 percent in May after falling 1.5 percent in April. Last month's drop was caused in part by a 35.3 percent plunge in orders for aircraft, which is often a volatile category. Excluding transportation, orders rose 0.5 percent, while orders for non-military capital goods excluding aircraft - rose 0.4 percent in May, reversing a 0.3 percent drop in April.

Separately, the Commerce Department also reported that sales of single family homes rose 2.2 percent in May to a seasonally adjusted annual rate of 546,000 units. That's the highest level since February 2008. In addition, April's sales rate was revised upwardly to 534,000 units from the previously reported 517,000 units.

WEDNESDAY

The Commerce Department said Wednesday that the nation's gross domestic product contracted at a 0.2% seasonally adjusted annual rate in the first quarter. That's significantly better than the prior estimate which had GDP falling by 0.7% from January through March. Consumer spending, representing more than two-thirds of economic output, grew at a 2.1% rate in the first quarter, as opposed to the previous estimate of 1.8%. Spending on home building and improvements advanced at a 6.5% pace, compared to a previous reading of a 5% increase.

THURSDAY

Initial claims for state unemployment benefits rose 3,000 to a seasonally adjusted 271,000 for the week ended June 20th, the Labor Department said on Thursday. The four week moving average of claims, considered a better measure of labor market trends as it irons out week-to-week volatility, fell 3,250 to 273,750 last week. The number of people still receiving benefits after an initial week of aid rose 22,000 to 2.25 million in the week ended June 13th.

Personal income rose 0.5% in May, in line with expectations and equal to last month's revised reading of a 0.5% uptick in income, the Commerce Department reported Thursday. Personal spending rose 0.9% in May, more than expected and the best reading in almost six years. Personal spending rose 0.1% over April and 1.2% over the prior year on a "core" basis, which excludes food and gas.

FRIDAY

Consumer sentiment came in very strong for the month of June with a reading of 96.1, well above the consensus expectation of 94.6. The optimism is

due to an upbeat outlook on the jobs market which is at a 12 year high. Current conditions were also strong at 108.9. Despite the broad strength of the report, inflation expectations are tempered, down a tenth from May to 2.7 percent.

TIDBITS

China is likely to become the biggest market for initial public offerings, according to the Ernst & Young Global IPO Trends report. With less than a week left in June, 241 companies have gone public in China this year, raising a total of \$40 billion.

QUOTE OF THE WEEK

“I’m not a product of my circumstances. I’m a product of my decisions.”

-Stephen Covey

I hope you have found the information in this week’s market summary informative. Please note that there will not be a Market Commentary next week in observance of the July 4th holiday. I hope you are able to celebrate it with family and friends.

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

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