

The Market Week in Review

For Week Ending May 2, 2015

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

THE MARKETS

Stocks finished the week lower with small caps being the hardest hit, but both the Dow and the NASDAQ managed to close the week above the 18,000 and 5,000 level, respectively. Interest rates spiked above 2 percent for the first time since mid-March as Treasuries sold off in response to another Fed announcement that left market participants anticipating a rate hike. Crude oil rallied to close the week up 3.5 percent as it registered a 25 percent gain for the month of April. Gold had a volatile week, spiking over 3 percent before settling back to close flat. The dollar softened against a basket of other currencies for the second week in a row.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	18,080.14	18,024.06	-56.08	-0.31%	1.13%
Nasdaq	5,092.08	5,005.39	-86.69	-1.70%	5.69%
S&P 500	2,117.69	2,108.29	-9.40	-0.44%	2.40%
Russell 2000	1,267.54	1,228.11	-39.43	-3.11%	1.94%

DAILY DEVELOPMENTS

MONDAY

There were no major economic announcements on Monday.

TUESDAY

The Conference Board said that its consumer confidence index fell to 95.2 in April. That represents a significant drop from the 101.4 reading registered in March and the lowest reading since last December. Consumers' assessment of current economic conditions also fell, as did their expectations for the future. Despite the drop this month, the confidence index is well above April 2014's 81.7.

The Standard & Poor's/Case-Shiller 20 city home price index rose 5 percent in February from 12 months earlier. That is up from a 4.5 percent pace in January. All 20 cities in the index reported year-over-year price gains in February, but prices nationwide are 10 percent lower than the July 2006 peak.

WEDNESDAY

The Commerce Department reported Wednesday that the overall economy grew at an annual rate of just 0.2 percent in the 1st quarter of 2015. That is the poorest showing in a year and down from 2.2 percent growth in the fourth quarter. Making matters worse, consumer spending increased at a rate of just 1.9 percent in the first quarter, down from a 4.4 percent surge in the fourth quarter of 2014. To no one's surprise, last winter's harsh weather is considered to be the primary reason the economy grew so slowly, but the West Coast port dispute, falling oil prices, and the rising dollar also contributed.

The Federal Reserve Open Market Committee released a statement after its meeting on Wednesday indicating it expects the U.S. economy to rebound after slowing in the "winter months", leaving open the chance of an interest rate increase as early as June. Some observers have interpreted the statement as a signal the central bank will keep interest rates where they are until at least September. The Fed statement also noted the sluggish U.S. growth during the first quarter due to "transitory factors". Although GDP and job creation "slowed during the first quarter", the Fed "continues to expect that... economic activity will expand at a moderate pace". The Fed's statement and actions were approved in a 10-0 vote.

THURSDAY

The Department of Labor reported that jobless claims for the week of April 25th dropped to a lower than expected 262,000. Most economists estimated 288,000 and there were no special factors in the report that skewed the number. The four week average improved from a month ago, falling 1,250 to 283,750. Continuing claims, which are reported with a one week lag, also dropped by 74,000 to a near 15 year low of 2.25 million.

FRIDAY

The Institute of Supply Management's Manufacturing Index was unchanged at 51.5 for the month of April, below the consensus estimate of 52.0. The weakness in the report comes from the employment component which sank to 48.3, the first time it has indicated contraction since May of 2013. However, other components of the report were positive with new orders, exports and production all rising. All in all, 15 of the 18 industries polled showed growth.

Markit's Purchasing Manager's Index slowed in April to 54.1, indicating that although the manufacturing sector is expanding, its momentum is slowing. Prices have contracted for the fourth month in a row as the strong dollar has likely reduced the cost of imports. Contrary to the ISM report, the PMI shows employment is expanding at a "robust" pace.

Consumer confidence remains strong as indicated by the University of Michigan's survey for the month of April. The reading of 95.9 was unchanged from the mid-month reading and rebounded nicely from the relative weakness in March. Both the current conditions and expectations components were up, with the inflation outlook remaining weak.

Construction spending declined 0.6 percent in March versus an expected increase of 0.4 percent. The drop perhaps wasn't a surprise to some as housing data had by and large been weak during the tail end of the winter months. Declines were seen in both private and public spending.

TIDBITS

The House voted Thursday to repeal the estate tax, a longtime priority of Republicans. The 240-179 vote broke down largely on partisan lines, with seven Democrats voting to repeal the estate tax and three Republicans voting against it.

QUOTE OF THE WEEK

"A stalling of U.S. economic growth at the start of the year rules out any imminent hiking of interest rates by the Fed."

- Chris Williamson, chief economist at Markit Financial Information Services.

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

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

Important Disclosures: The information and statistics in this e-mail have been obtained from sources we believe to be reliable but are not guaranteed by us to be accurate or complete. Any and all earnings, projections, and estimates assume certain conditions and industry developments, which are subject to change. The opinions stated are those of Estate Counselors, LLC, but are not intended to be a substitute for personal investment advice. Services provided by Estate Counselors, LLC do not constitute legal services and are not being provided by Willms, S.C. law firm. Communications between Estate Counselors, LLC and its clients are therefore not covered by the attorney-client privilege, and as a result may be discoverable by third parties. All such communications are, however, covered by Estate Counselors, LLC's privacy policy, a copy of which is available on request. *Please let us know in a reply to this e-mail if you have received this message in error, or would like to discontinue receiving it.* Thank you.
