

# The Market Week in Review

For Week Ending May 9, 2015

## THE MARKETS

Equities fared well in another week of volatile trading. Friday's strong jobs report prompted stocks to rally hard and by week's end most of the major indices had pulled into positive territory for the week. Only the Tech heavy NASDAQ recorded a miniscule 2 point decline.

Gold was bid about 1 percent higher as the dollar's strength remained muted. Interest rates also continued to climb, sending bond prices lower. The yield on the 10 Year Note closed at 2.15 percent after rallying as high as 2.25 percent mid-week. The recent rally in the crude oil market was halted even though the release of an Energy Information Administration report indicated that oil inventories fell by 3.9 million barrels last week - the first time inventories dropped since early January.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	18,024.06	18,191.11	167.05	0.93%	2.06%
Nasdaq	5,005.39	5,003.55	-1.84	-0.04%	5.65%
S&P 500	2,108.29	2,116.10	7.81	0.37%	2.78%
Russell 2000	1,228.11	1,234.93	6.82	0.56%	2.51%

## DAILY DEVELOPMENTS

### MONDAY

There were no major economic announcements on Monday.

### TUESDAY

The U.S. trade deficit in March rose to \$51.4 billion, the largest trade gap since October 2008, and more than 43 percent higher than in February, the Commerce Department reported Tuesday. Exports were up 0.9 percent to \$187.8 billion, while imports increased 7.7 percent to \$239.2 billion. Exports have been hurt by an increase in the value of the dollar which has made U.S. products more expensive overseas and has lowered the price of products imported into the U.S.

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The Institute for Supply Management said Tuesday that its services index rose to 57.8 in April from 56.5 in March. The April reading is its highest level in five months. Any reading over 50 indicates that service providers are expanding. Hiring in the services sector rose by one-tenth of a percent to 56.7, its third straight increase. Better still, sales by service providers jumped 4.1 points to 61.6, to the highest level in five months.

#### WEDNESDAY

The Labor Department said Wednesday that worker productivity fell at a 1.9 percent rate in the first quarter of the year. By comparison, productivity dropped at a 2.1 percent rate in the final three months of 2014. Labor costs surged at a 5 percent rate in the first quarter on top of a 4.2 percent increase in the fourth quarter.

Payroll processor ADP reported on Wednesday that it estimates businesses added just 169,000 jobs in April, down from 175,000 in the previous month. That is the fewest new hires since January 2014. March's total was revised down from 189,000.

#### THURSDAY

On Thursday the Labor Department reported that weekly applications for unemployment benefits rose by 3,000 to 265,000, but the four week average fell by 4,250 to 279,500. That's the lowest number for the four week average since May 2000. The total number of people receiving benefits was 2.23 million, the lowest figure since November 2000 and more than 20 percent lower than this time last year.

#### FRIDAY

Figures released by the Labor Department Friday morning revealed that the U.S. economy added 223,000 jobs in April, pushing unemployment lower to 5.4%. That's the lowest it's been since May 2008. Another good sign was an increase in the labor-force participation rate, which rose to 62.8% from 62.7% in March. Weekly hours worked were steady at 34.5, but disappointingly average hourly earnings rose a meager 0.1% in April. Wages have risen 2.2% over last year.

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## TIDBITS

According to a recent report in *Fortune* magazine, activist investor funds outperformed the S&P 500 index in only three of the past eight years. Since 2008, those funds have a cumulative return of 19% after fees, compared with 65% for the index.

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## QUOTE OF THE WEEK

“I would highlight that equity-market valuations at this point generally are quite high. Not so high when you compare returns on equity to returns on safe assets like bonds, which are also very low, but there are potential dangers there.”

- Federal Reserve Chairwoman Janet Yellen before an audience at the International Monetary Fund's headquarters in Washington on Wednesday.

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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](mailto: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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