

The Market Week in Review

For Week Ending November 7, 2015

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THE MARKETS

Stocks marched higher for a sixth straight week even as the likelihood of a December rate hike grew. The S&P climbed to within one percent of its all-time high before pulling back slightly as the week closed out. Treasuries sold off to send the yield on the 10 Year Note higher to 2.33 percent, a level that hasn't been seen since July. Oil also moved back below \$45 a barrel with the ongoing supply glut and the increasing strength of the dollar. Likewise, gold sold off, revisiting the multi-year lows it saw in July and August.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,663.54	17,910.33	246.79	1.40%	0.49%
Nasdaq	5,053.75	5,147.12	93.37	1.85%	8.68%
S&P 500	2,079.36	2,099.20	19.84	0.95%	1.96%
Russell 2000	1,161.86	1,199.75	37.89	3.26%	-0.41%

DAILY DEVELOPMENTS

MONDAY

The Institute for Supply Management reported on Monday that its national manufacturing index slipped one tenth of one percent to 50.1 this month, the lowest level since May 2013. A reading of below 50 suggests the manufacturing sector is contracting. The strong dollar and low oil prices continue to be cited as the primary causes for manufacturing's doldrums, although some commentators are suggesting the conditions are ripe for improvement.

The Commerce Department said construction spending advanced 0.6 percent to its highest level since March 2008, after increasing 0.7 percent in August. Construction spending has increased every month this year. Spending on private residential construction jumped 1.9 percent in September, also reaching the highest level since January 2008, reflecting gains in home building and renovations.

TUESDAY

The Commerce Department said Tuesday that orders for manufactured goods declined 1.0% in September. The decline follows a 2.1% drop in August. The strong dollar and a sharp decline in purchases by energy companies are the likely culprits for the decline. A bit of good news could be found in an adjustment to an earlier estimate of orders for non-defense capital goods excluding aircraft, which is widely regarded as a good indicator of business confidence and spending plans. That measure declined 0.1%, which was slightly better than the 0.3% decline that was originally reported. Also, orders for automobiles and parts rose 1.5 percent in September after falling 2.0 percent in August.

WEDNESDAY

The U.S. trade deficit with the rest of the world declined by 15% to \$40.8 billion in September, the Commerce Department reported Wednesday. Exports rose 1.6% to \$187.9 billion, helped by stronger sales of commercial airplanes and jet engines. Imports contracted 1.8% to \$228.7 billion, driven primarily by the big drop in oil prices.

THURSDAY

The Labor Department announced Thursday that initial claims for state unemployment benefits increased 16,000 to a seasonally adjusted 276,000 for the week ended October 31st. The increase amounts to the largest weekly increase since late February. The four week moving average of claims rose 3,500 to 262,750 last week, while the number of people still receiving benefits after an initial week of aid increased 17,000 to 2.16 million in the week ended October 24th.

Productivity of U.S. workers rose at an annual rate of just 1.6 percent in the July-third quarter, down from a 3.5 percent increase in the second quarter, the Labor Department said Thursday. Productivity is up just 0.4 percent over the past year, compared to average annual growth of 2.2 percent from 1947 through 2014. Labor costs rose by 1.4 percent during the third quarter, as compared to a 1.8 percent decline in the second quarter.

FRIDAY

Nonfarm payrolls were a blowout, increasing by 271,000 in October versus the 190,000 increase that was expected. The unemployment rate dropped a tenth to 5.0 percent while the labor force participation rate held steady at 62.4 percent. Another positive was weekly hours worked in the manufacturing sector which increased to 40.7 with overtime hours higher at 3.3. The very positive report could be just the news that Janet Yellen, the chairwoman of the Federal Reserve, and a majority of her colleagues at the central bank needed to conclude that time is right for a modest increase in interest rates.

TIDBITS

Federal Reserve Chair Janet Yellen said Wednesday that an interest rate hike in December would be a "live possibility" if the economy stays on track.

QUOTE OF THE WEEK

"In business, there's such a thing as an invaluable person, but no such thing as an indispensable one."
- Malcolm Forbes

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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