

The Market Week in Review

For Week Ending October 10, 2015

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THE MARKETS

The rally on Wall Street continued last week despite economic announcements that raised questions about the overall health of the global economy. The S&P 500 posted its biggest weekly gain of 2015 with the Energy sector as the greatest outperformer, rising over 8% on the heels of higher crude oil prices that reached over \$50 per barrel. The Nasdaq lagged as it is still bogged down by its biotech component, but even that index rose nearly 2%. With a Fed rate hike likely on hold for a while, many market participants clearly chose to jump back into risk assets. Commodities in general fared well as the dollar's strength pared for a second week. Gold was propped up above \$1,150 an ounce, a level last seen when the Dow sank over 1,000 in August.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	16,472.37	17,084.49	612.12	3.72%	-4.14%
Nasdaq	4,707.78	4,830.47	122.69	2.61%	1.99%
S&P 500	1,951.36	2,014.89	63.53	3.26%	-2.14%
Russell 2000	1,114.12	1,165.36	51.24	4.60%	-3.27%

DAILY DEVELOPMENTS

MONDAY

Even with slowing in new orders, The Institute of Supply Managers' Non-Manufacturing Index was very strong at 56.9 in September. Backlogs and new export orders have both been rising for several months now. Foreign demand for U.S. services has held up remarkably well while foreign demand for goods has decreased sharply this year. In a surprising divergence from last month's employment report, the employment component of this index jumped 2.3 points to 58.3.

TUESDAY

Data released on Tuesday from the U.S. Commerce Department indicated that the international trade gap grew by 15.6% to \$48.3 billion in August. A drop in exports was the main cause leading to the increased deficit. Overall exports fell 2 percent to their lowest level since October 2012. Exports to Mexico fell by \$1.5 billion in August and the European Union bought \$500 million less from America than it did in July. On a more positive note, demand for the nation's services continues to climb, signaling strength in the domestic economy. Still, the growth in the trade deficit is likely to temper third quarter GDP forecasts.

WEDNESDAY

There was no major economic news on Wednesday.

THURSDAY

Initial jobless claims moved lower in the October 3rd week, falling by 13,000 to 263,000, according to a report from the Department of Labor. The four week average also moved lower and is now 10,000 below the month-ago figure. Continuing claims, reported with a one week lag, rose 9,000 to 2.2 million although the four week average for that metric is also down by 14,000 to 2.22 million.

The minutes from the September Federal Open Market Committee meeting were released Thursday. They indicate that most Fed members anticipate the conditions for a rate hike will be met by year end. Several members pointed to low oil prices and a strong dollar as detrimental to their 2% inflation goal. Members also expressed concerns about the weakness of overseas economies.

FRIDAY

Export prices contracted 0.7% in September and are down 7.4% from a year ago. Agricultural goods were the main cause for the slide as they dropped 1.1%. Import prices saw a lesser decline of 0.1%, although they are lower by 10.7% from a year ago. Even the non-petroleum core numbers were strikingly weak, down 3.3% in the last year.

TIDBITS

West Texas Intermediate crude oil rose above \$50 per barrel this week for the first time since July. The commodity experienced its biggest weekly rally in 6 and a half years

QUOTE OF THE WEEK

“Reality leaves a lot to the imagination.”

- John Lennon, who would have turned 75 years old on Friday

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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