ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending October 17, 2015

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THE MARKETS

Third quarter corporate earnings season got underway this week to a tune of mixed reports. Stocks were able to hold onto modest gains with the S&P on track for its best October in four years. In fact, the 4 major stock market indexes have risen by more than 5 percent since the end of September. Meanwhile oil prices retreated 6 percent this past week after reaching $50 per barrel last week. Treasury yields eased with the 10 Year Note hovering slightly above 2 percent. The dollar, which has slowed since the summer months, held relatively steady for another week while gold pushed to a three month high of $1,175 per ounce.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,084.49	17,215.97	131.48	0.77%	-3.41%
Nasdaq	4,830.47	4,886.69	56.22	1.16%	3.18%
S&P 500	2,014.89	2,033.11	18.22	0.90%	-1.25%
Russell 2000	1,165.36	1,162.31	-3.05	-0.26%	-3.52%

DAILY DEVELOPMENTS

MONDAY

China's customs administration said that imports plunged 17.7% in September from a year earlier, widening from a 14.3% decrease in August and posting an 11th straight decline. Exports fell 1.1% in September, down from a 6.1% drop in August. Even with the declines China had a trade surplus of $59.4 billion. "We anticipate further headwinds in the coming months," said Tao Dong, chief regional economist for Asia excluding Japan at Credit Suisse Group AG in Hong Kong. "Our model suggests that global industrial production will lose further momentum. Not only China but emerging market countries are also struggling with domestic demand."

TUESDAY

There were no major economic announcements on Tuesday.

WEDNESDAY

National chain-store sales fell 0.2% in the first week of October from the comparable period in September, according to Redbook Research's retail sales index, released Tuesday. The index's decline compared with a target for an increase of 0.1%.

The Labor Department said on Wednesday its producer price index fell 0.5 percent, the largest drop since January. In the 12 months through September, the PPI fell 1.1 percent after declining 0.8 percent in August. The benign inflation environment could be an argument against an interest rate increase this year.

THURSDAY

Initial claims for state unemployment benefits fell 7,000 to a seasonally adjusted 255,000 for the week ended October 10th, which was the lowest since November 1973, 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 2,250 to 265,000, its lowest level since December 1973. The number of people still receiving benefits after an initial week of aid fell 50,000 to 2.16 million in the week ended October 3rd, suggesting more long-term unemployed persons were finding jobs.

In a separate report, the Labor Department said its Consumer Price Index fell 0.2 percent last month after slipping 0.1 percent in August. However, Core CPI, which strips out volatile food and energy costs, gained 0.2 percent after ticking up 0.1 percent in August. In the 12 months through September, the core CPI increased 1.9 percent, the largest gain since July 2014.

FRIDAY

Industrial production fell 0.2 percent in September, according to the Federal Reserve Board of Governors. The reading was a tenth better than the Econoday consensus forecast. The vehicle production component has done particularly well, gaining 0.2 percent for the month and 9.4 percent in the past year.

The Labor Department released its Job Openings and Labor Turnover Survey Friday. The JOLTS report indicated that U.S. job openings fell 5.3 percent in August to 5.37. The quits rate remained at 1.9 percent for a fifth straight month, a low reading that indicates worker confidence. This report points to continued strong demand in the labor market.

Consumer sentiment ticked 5 points higher to 92.1 in the initial October survey conducted by the University of Michigan. The current conditions component was a very solid 106.7, reflecting a positive outlook in the jobs market. Inflation expectations moved a tenth lower to 2.7 percent for the one year outlook, due in large part to expectations for lower gasoline prices. The report suggests consumers are in a positive frame of mind as we head into the all important holiday shopping season.

TIDBITS

Janet Yellin and the Federal Reserve received a 'C' grade for their job performance by a majority of investors in a recent survey. Another 25% of the investors surveyed assigned the Federal Reserve a 'D' or an 'F'.

QUOTE OF THE WEEK

"The downside risks make a strong case for continuing to carefully nurture the U.S. recovery - and argue against prematurely taking away the support that has been so critical to its vitality."

- Federal Reserve Governor Lael Brainard, in support of a "go-slow approach" to raising interest rates until the downside risk of a global slowdown is better understood. The Federal Reserve's Open Market Committee meets October 27th and 28th.

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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