ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending October 24, 2015

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THE MARKETS

It was the best week for stocks since February and the fourth straight positive week for the major averages. Strong earnings from heavyweight tech companies led the S&P higher to break back into positive territory for the year. An unexpected rate cut in China added to the positive tone for domestic equities. Despite the positive news for the Chinese markets, crude oil declined about 5% and closed below $45 per barrel as it was pulled down by the resurgence of the dollar. Treasury yields, which have been holding relatively steady as of late, rose slightly with the yield on the 10 Year Note at 2.08%.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,215.97	17,646.70	430.73	2.50%	-0.99%
Nasdaq	4,886.69	5,031.86	145.17	2.97%	6.25%
S&P 500	2,033.11	2,075.15	42.04	2.07%	0.79%
Russell 2000	1,162.31	1,166.06	3.75	0.32%	-3.21%

DAILY DEVELOPMENTS

MONDAY

The National Association of Home Builders/Wells Fargo Housing Market Index (HMI) rose three points to 64 for the month of October. That is the highest reading in 10 years and suggests that builder confidence in the market for newly constructed single family homes has risen to levels not seen since the end of the housing boom in late 2005. The index measuring sales expectations in the next six months rose seven points to 75, and the index tracking current sales conditions increased three points to 70. The index measuring buyer traffic held steady at 47.

TUESDAY

Data released by the Commerce Department on Tuesday indicates that Construction of new homes increased 6.5% in September to a seasonally adjusted annual pace of 1.21 million units. That's nearly an 8 year high. More specifically, starts for single family homes, which account for the largest share of the market, rose 0.3% to a 740,000 unit rate. However, the news was not all good, as the rate of permits for single family homes fell 0.3% to an annual rate of 697,000, while the pace of permits for apartments fell 14.6% to 369,000.

WEDNESDAY

The Mortgage Bankers Association reported on Wednesday that mortgage applications grew 11.8% last week which is a stark rebound to last week's 27.8% decline. The number of refinance applications grew 8.8% while purchase applications grew 16.4%. Meanwhile, 30 year mortgage rates were 3.95%, a 5-1/2 month low.

THURSDAY

Initial unemployment claims for the week ended October 17th rose by 3,000 to 259,000 the Labor Department said Thursday. The four week average of claims declined to 263,250 from 265,250 in the prior week, the lowest it's been since December 1973. Claims have been below 300,000 since the beginning of March.

The National Association of Realtors said on Thursday that existing home sales increased 4.7% to an annual rate of 5.55 million units. August's sales pace was revised slightly and was lowered to 5.30 million units from the previously reported 5.31 million units. Unsold inventory was down to a 4.8 month supply at the current sales pace, down from 5.1 months in August and 5.4 months a year ago.

FRIDAY

October's mid-month reading of the Purchasing Manager's Index, an indicator of the health of the manufacturing sector, came in at 54.0, surprisingly higher than the Econoday forecast. The uptick was boosted by domestic demand, and new orders registered a 7 month high. Inventories also decreased for a third straight month and material prices fell due to the strong dollar.

TIDBITS

Billionaire investor and corporate raider Carl Icahn recently announced that he has put up $150 million of his own money to seed a super PAC intended to force Congressional action on important business issues.

QUOTE OF THE WEEK

"In my view, there is a big disconnect between the current narrative in both equity and rates markets and the actual economic data. This economy is stronger than its reputation and for some reason many investors want to hold onto the 2009 story of 'the economy is not good'. We are likely to reach full capacity over the coming 12 months and that is why Yellen, Fischer, and Dudley continue to talk about lift-off in 2015."
- Torsten Sløk, Deutsche Bank's chief international economist

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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