

The Market Week in Review

For Week Ending October 3, 2015

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THE MARKETS

Stocks rebounded as biotech's and healthcare found some traction after their recent slide. Friday saw the biggest intraday reversal of the Dow since 2011 with that index opening down 158 points before closing higher by 200 points. Oil drilling rigs decreased by 809, with working rigs falling to a five year low. The news sent the price of crude higher by 2.25% although the price per barrel stayed essentially flat for the week. Interest rates plunged after the weak September jobs report led market participants to believe a Fed rate hike won't occur until 2016. The yield on the benchmark 10 Year Note closed the week at 1.99% and the dollar weakened against a basket of other currencies.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	16,314.67	16,472.37	157.70	0.97%	-7.58%
Nasdaq	4,686.50	4,707.78	21.28	0.45%	-0.60%
S&P 500	1,931.34	1,951.36	20.02	1.04%	-5.22%
Russell 2000	1,122.79	1,114.12	-8.67	-0.77%	-7.52%

DAILY DEVELOPMENTS

MONDAY

The Commerce Department said on Monday that consumer spending increased 0.4% after an upwardly revised 0.4% rise in July. When adjusted for inflation, consumer spending rose 0.4%. However, prices were up 1.3% when excluding food and energy, a key metric used by the Fed to gauge the trend rate of inflation. Spending on long-lasting goods such as automobiles increased 0.9%. Outlays on services like utilities rose 0.5%. Personal income increased 0.3% in August.

The National Association of Realtors said on Monday its Pending Home Sales Index decreased 1.4% to 109.4. The index, which is based on home sale contracts signed during the prior month, rose 6.1% from the same month a year ago for its 12th straight monthly year-over-year gain.

TUESDAY

The Conference Board announced Tuesday that its index of consumer attitudes rose in September to 103.0, the highest since January. The reading for August was revised upwardly to 101.3 from 101.5. The consumer present situation index shot up from 115.8 in August to 121.1 in September, its highest level since September 2007. The consumer expectations index however fell to 91.0 from 91.6 and the "jobs hard to get" index rose to 24.3 from a revised 21.7 the month before.

S&P/Case-Shiller's 20-City Home Price Index rose 5% in July, roughly in line with analysts' estimates for a 5.1% increase. The 10 city index gained 4.5% from a year earlier, roughly the same as in June.

WEDNESDAY

The Chicago purchasing manager's index for September was reported on Wednesday at 48.7 by the Institute for Supply Management. This was the fifth time this year that the index fell below 50, the borderline between expansion and contraction. Other major regional surveys, including those from the New York Fed and the Philadelphia Fed, were also weak this month.

THURSDAY

The Labor Department said the number of new applications for U.S. jobless benefits rose modestly last week, although they remained near 15 year lows. Initial claims for state unemployment benefits rose 10,000 to a seasonally adjusted 277,000 for the week ended September 26th. The four week moving average fell to the lowest level in almost two months and the total number of people receiving benefits was the smallest in 15 years.

The Institute for Supply Management (ISM) said its index of national factory activity fell to 50.2, its' lowest since May 2013. While any reading above 50 indicates expansion in manufacturing, growth has slowed sharply over the last year as a strong dollar has crimped exports.

Also on Thursday the Commerce Department announced that U.S. construction spending climbed in August to the highest level since 2008. The gains were boosted by a surge in outlays for residential projects and gave a sign the housing market was helping the overall economy.

FRIDAY

Nonfarm payrolls in September were a big miss with 142,000 jobs being added, far below the 203,000 that was forecasted by economists. Payrolls from the two prior months were revised down a total of 59,000. The unemployment rate held steady at 5.1% and average hourly earnings were stagnant as well. The average work week fell one tenth to 34.5 hours.

TIDBITS

The World Trade Organization has lowered its forecast for global trade growth this year to 2.8%, from 3.3%, amid a sluggish economic recovery. The WTO expects 3.9% expansion in 2016.

QUOTE OF THE WEEK

“I don’t think you’ve seen real selling in risk assets broadly. Markets need buying to go up and they need volume to go up. They can fall just on gravity.”

-Jeffrey Gundlach, founder and chief executive officer of DoubleLine Capital

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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