ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending October 31, 2015

Contact Us

- Our Website: www.estatecounselors.com
- Our E-mail: firm@estatecounselors.com
- Our Phone Number: (262) 238-6996
- Our Address: 414 N. Main Street Thiensville, WI 53092

THE MARKETS

Earnings season rolled on and large cap stocks floated higher to close out the month on the heels of better than expected corporate profits. Both the Dow and the S&P saw the biggest monthly point gains since the European debt crisis had the markets whipsawing in 2011. Crude oil moved higher to $47 a barrel by the week's end after briefly dropping to $43 following a report earlier in the week indicated that inventory levels were even higher than expected. The Federal Reserve lent strength to the U.S. dollar as it hinted that an interest rate increase might be possible sometime before the year is out. The Treasury markets responded to that news by selling off to send bond yields higher. The 10 Year Treasury Note closed the week seven basis points higher, yielding 2.15%.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,646.70	17,663.54	16.84	0.10%	-0.90%
Nasdaq	5,031.86	5,053.75	21.89	0.44%	6.71%
S&P 500	2,075.15	2,079.36	4.21	0.20%	0.99%
Russell 2000	1,166.06	1,161.86	-4.20	-0.36%	-3.56%

DAILY DEVELOPMENTS

MONDAY

Sales of newly built homes in the U.S. dropped by 11.5% last month to a seasonally adjusted annual rate of 468,000 units, the Commerce Department said Thursday. That's their lowest level since November 2014. Many investors took the news with a grain of salt, as housing indicators, including sales of existing homes and housing starts, point to a fairly strong housing market.

TUESDAY

The Commerce Department said Tuesday that orders for durable goods dropped 1.2% in September. The decline in August was revised higher to 3%. Durable goods orders have declined in four of the past six months as manufacturers struggle with declining exports brought on by a stronger dollar that has made the U.S. goods more expensive to importers combined with economic weakness in key export markets like China that has lessened demand.

U.S. home prices rose 5.1 percent from a year ago, matching analyst expectations, according to the S&P/Case-Shiller 20 City Composite index released Tuesday. 15 cities overall recorded price increases with San Francisco, Denver, and Portland, Oregon, showing the biggest gains.

WEDNESDAY

The Federal Reserve announced Wednesday that it would keep interest rates near zero but added that it would consider raising rates at its final meeting of the year in mid-December. Wednesday's decision was supported by nine of the ten members of the Federal Open Market Committee. The decision means that short-term rates will remain near zero for a seventh full year.

THURSDAY

The Labor Department reported on Thursday that new claims for unemployment benefits rose by 1,000 to 260,000 last week, which was somewhat less than economists had been predicting. The four week moving average for jobless claims, which can be more reliable than the week-to-week report, fell by 4,000 to 259,250 last week, which is its lowest level since 1973.

Also on Thursday the Commerce Department reported that America's gross domestic product rose by just a 1.5% annual pace during the third quarter. By comparison GDP had grown at a brisk 3.9% rate in the second quarter. The slowdown was due in large measure to a sharp reduction in business spending, with business inventories registering their largest decline in three years. Consumers, on the other hand, were apparently less cautious as Consumer spending rose by 3.2%, which was just slightly behind the rate of growth during the second quarter of this year.

The National Association of Realtors seasonally adjusted pending home sales index dropped 2.3 percent in September to 106.8. The decline last month stands in contrast to growth seen over the past 12 months; the index has risen by 3 percent over that time frame.

FRIDAY

Personal incomes rose 0.1% in September which missed the expected increase of 0.2%. Wages were stagnant after a 0.5% increase the prior month. Spending on nondurables sank 1.2%, however durable goods spending rose a healthy 0.8%. As a whole, personal consumption and expenditures eased 0.1%, mainly due to decreased gasoline costs.

The Chicago Purchasing Manager's Index, which tracks the full scope of the economy in the Chicago area, spiked 7.5 points to 56.2 for October. The jump signals solid and accelerating growth as businesses are ramping up output heading into the holiday season.

Consumer sentiment dropped since mid-month to 90.0 for the final October reading. However, the composite reading is above the September level and both the current conditions and expectations components have risen since last month as well. One year expectations for inflation eased a tenth to 2.7% due primarily to lower energy prices.

TIDBITS

According to a report in *Barron's*, the labor force participation rate – the share of Americans 16 and older who are either employed or looking for work – has fallen to a 38 year low of 62.4%. The primary reason appears to be the large number of baby boomers who turn 65 and become eligible for Medicare.

QUOTE OF THE WEEK

"Forget about yesterday and do something about tomorrow."
- The Monevator, a finance blog that can be found at www.monevator.com

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

Andrew J. Willms, J.D. LL.M.

Estate Counselors, LLC
414 N. Main Street
Thiensville, WI 53092
Phone (262) 238-6996
Fax (262) 238-6999
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