

# The Market Week in Review

For Week Ending September 19, 2015

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## THE MARKETS

It was a wait and see week, but stocks still moved higher in the days ahead of one of the most anticipated Fed meetings in history. Yet despite an announcement on Thursday that benchmark interest rates will remain near zero percent, stocks sold off to erase their earlier gains amid fears triggered by comments at the Fed's press conference that the global economy has its rough spots. Not surprisingly, interest rates moved lower and the 10 Year Treasury Note closed the week at 2.13 percent. Despite the drop in rates, the dollar held its strength causing crude oil prices to slide after a mid-week rally. However oil prices were nearly flat on the week. Gold, on the other hand, moved higher after the Fed announcement and ended the week trading at \$1,138 per ounce.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	16,433.09	16,384.58	-48.51	-0.30%	-8.07%
Nasdaq	4,822.34	4,827.23	4.89	0.10%	1.93%
S&P 500	1,961.05	1,958.03	-3.02	-0.15%	-4.90%
Russell 2000	1,157.79	1,163.37	5.58	0.48%	-3.43%

## DAILY DEVELOPMENTS

### MONDAY

There were no major economic announcements on Monday.

*TUESDAY*

Industrial production, which measures output in the manufacturing, utilities and mining sectors, fell a seasonally adjusted 0.4% in August from July, the Federal Reserve said Tuesday, the sixth monthly drop over the past eight. The drop in auto output accounted for most of the decline although production of computers, airplanes, and furniture also fell.

Retail sales posted a 0.2% monthly gain in August and a 2.2% annual increase, the Commerce Department said Tuesday. Excluding gasoline, which has fallen sharply in price, retail sales rose 0.4% in August and a solid 4.4% over the year, following an upwardly revised 0.6 percent increase in July. However, auto sales remain strong and on track to top 17 million this year for the first time since 2001.

*WEDNESDAY*

Consumer prices came in softer than expected in August. Pressured by gasoline, the CPI fell 0.1 percent and it's now up only 0.2 percent from a year ago. Excluding energy and food, prices rose only 0.1 percent with the year over year rate holding steady at plus 1.8 percent – shy of the Fed's 2 percent goal.

*THURSDAY*

Housing starts dropped 3 percent in August which was slightly worse than expected, but permits gained 3.5 percent signaling more growth in the coming months. Starts for single family homes also lost 3 percent, although that followed a 10.9 percent jump in July. Permits for single family homes rose 2.8 percent which is the highest since 2008.

Jobless claims continue to point to an improving labor market, falling by 11,000 to register a better than expected 264,000 during the Labor Day week. This was one of the lowest levels of the past 40 years. The four week average stayed about the same at 272,500. Continuing claims were also low at 2.24 million for the week of September 5<sup>th</sup> with the four week average down 5,000 to 2.25 million.

The Philadelphia Fed's General Business Conditions Report was vastly lower than expected, registering negative 6.0 compared to the expected plus 6.3. Despite the negative number, there were several positive components to the report with shipments, employment and new orders all showing solid strength.

There was no follow through by the Fed after significant anticipation of a historic announcement as policymakers kept interest rates unchanged. Fed chair Janet Yellen indicated that troubles in China and low inflation, among other factors, led to the decision to keep target rates at or near zero. However, Yellen did indicate that rates are set to rise soon, likely sometime this year.

**FRIDAY**

There were no major economic announcements on Friday.

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**TIDBITS**

China's fiscal revenue increased 6.2% in August, just under half the 12.5% expansion recorded in July, while spending shot up 25.9%. China's Ministry of Finance indicated that revenue was held down by falling exports and declining producer prices.

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**QUOTE OF THE WEEK**

"As I've said before, every meeting is a live meeting where the [Federal Open Market] Committee can make a decision to move, to change our target for the federal-funds rate. That certainly includes October."

- Fed Chair Janet Yellen at Thursday's FOMC press conference

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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](mailto: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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