

The Market Week in Review

For Week Ending April 23, 2016

THE MARKETS

The stock market advanced again last week, although the Nasdaq index was pulled down by disappointing earnings reports from several tech heavyweights. Since February lows, the equity market has risen +15%, posting weekly gains in eight out of the last ten weeks.

Oil inventories moved higher last week, even though the number of domestic rigs pumping oil is 501 fewer than at the same time last year. Nonetheless, U.S. crude prices climbed another \$3 to end the week at \$43.75.

Interest rates moved meaningfully higher for the first time in 3 weeks, and the 10 Year Treasury Note closed at 1.89%. Gold closed the week nearly flat at \$1,233 an ounce as the dollar softened modestly.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,897.46	18,003.75	106.29	0.59%	3.32%
Nasdaq	4,938.22	4,906.23	-31.99	-0.65%	-2.02%
S&P 500	2,080.73	2,091.58	10.85	0.52%	2.33%
Russell 2000	1,130.92	1,146.69	15.77	1.39%	0.95%

DAILY DEVELOPMENTS

MONDAY

The National Association of Home Builders/Wells Fargo builder sentiment index released Monday remained at 58 for the month of April. Readings above 50 indicate a majority of the builders surveyed view sales conditions as good. Builders' outlook for sales over the next six months improved last month, but their opinion of current sales conditions weakened. The index has now remained at 58 for the last 3 months.

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TUESDAY

Construction of new homes fell by 8.8 percent in March to a seasonally adjusted annual rate of 1.09 million units, the Commerce Department reported Tuesday. It was the third decline in the past four months and left new home construction at its slowest pace since October of last year. Applications for permits to build new homes dropped 7.7 percent last month to an annual rate of 1.09 million units.

WEDNESDAY

On Wednesday the National Association of Realtors announced that sales of existing homes rose 5.1 percent last month to a seasonally adjusted annual rate of 5.33 million. The increase was in sharp contrast to the 7.3 percent decline in February. March's sales gains were focused in the Northeast and Midwest, with smaller increases occurring in the South and West. The median home sales price was \$222,700 in March, a 5.7 percent annual increase from a year ago.

THURSDAY

The Labor Department reported on Thursday that new applications for unemployment benefits fell by 6,000 to 247,000 in the seven days ended April 16th. This is the lowest number of initial claims in 42 years, suggesting continued improvement in the labor market. The average of new claims over the past month fell 4,500 to a seasonally adjusted 260,500, also close to post-recession lows. 2.14 million people collected weekly unemployment benefits, known as continuing claims, in the seven days ended April 9th. That was 39,000 lower compared with the prior week.

The Chicago Federal Reserve's National Activity Index fell by modestly from -0.38 in February to -0.44 in March. Three of the four broad categories of indicators that make up the index decreased last month. While the index remains well above a -0.70 reading that would suggest a new recession has started, it seems clear that the nation's GDP slowed more than expected in the first quarter.

FRIDAY

Producer prices rose slightly with the PMI Manufacturing Index at 50.8 for April's partial reading. Weakness was cited in the energy sector and backlog orders are also down, which points to slack in factory's operating capacity. Interestingly, the report cited the "political climate" as a possible negative with respect to its relation to the economic outlook.

TIDBITS

A sell-off swept through Asian-Pacific stock markets Monday after energy producers meeting in Doha, Qatar, ended talks without an agreement on freezing oil production.

QUOTE OF THE WEEK

“Have a plan. Follow the plan and you’ll be surprised how successful you can be. Most people don’t have a plan. That’s why it’s easy to beat most folks.”

- Legendary Alabama football coach Bear Bryant

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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