ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending August 27, 2016

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

U.S. stocks finished lower for a second week in a row after commentary suggesting an interest rate hike might not be too far off in the future. Still, losses were modest, and the small cap Russell 2000 managed to narrowly avoid red ink. On the other hand, interest rates broke out to the upside from a range that had been established since mid-July. The 10 Year Note closed the week yielding 1.63 percent, a five basis point jump from the week prior. The dollar also gained strength, which sent the prices of both crude oil and gold lower. Those commodities are now priced at $47.35 and $1,324, respectively.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	18,552.57	18,395.40	-157.17	-0.85%	5.57%
Nasdaq	5,238.38	5,218.92	-19.46	-0.37%	4.22%
S&P 500	2,183.87	2,169.04	-14.83	-0.68%	6.12%
Russell 2000	1,236.77	1,238.03	1.26	0.10%	8.99%

DAILY DEVELOPMENTS

MONDAY

The Chicago Federal Reserve's national activity index rose to +0.27 in July to a 12 month high. Three of the four categories improved last month. The Chicago Fed index is a weighted average of 85 different economic indicators. The index's three month moving average, which tends to offer a clearer picture of the trend in economic activity than the monthly reading alone, improved to negative 0.10 in July from negative 0.19 in June. Readings above - 0.70 suggests that the economy is not entering into a recession.

TUESDAY

On Tuesday the Commerce Department released data indicating that new home sales increased by 12.4 percent in July month-on-month to a seasonally adjusted rate of 654,000 annual units. But construction of new single family homes has slipped, pushing the supply of homes for sale down to 4.3 from a 5.2 month supply in July 2015.

WEDNESDAY

The National Association of Realtors reported on Wednesday that existing home sales fell 3.2% to a seasonally adjusted annual rate of 5.39 million from a revised 5.57 million in June. The number of existing homes for sale ticked up 0.9% from a month ago to 2.13 million homes, but is still down 5.8 percent from a year ago. The median sale price of existing home sales rose by 5.3 percent to $244,100 from a year ago, the 53rd straight month of year-over-year growth. Taken together with Tuesday's report on new home sales it now seems clear that low interest rates on mortgages and an improving jobs market have helped boost the U.S. real estate market.

THURSDAY

Durable goods orders jumped 4.4 percent in July, beating the consensus estimate by seven tenths. The gain was helped by a spike in commercial aircraft orders, although excluding the transportation component order still rose 1.5 percent, which beat the estimate by a full 1 percent.

There were 261,000 initial jobless claims during the August 20th week, according to the Labor Department. The continued low numbers brought the four week average down 1,250 to 264,000. Continuing claims for the August 13th week dropped an impressive 30,000 to 2.15 million, with the four week average holding at 2.16 million. There were no special factors in the report; something that points to strength for the August jobs report.

FRIDAY

The Commerce Department reported that the second estimate of our nation's GDP annualized a growth rate of 1.1 percent which is a tenth less than last month's advance estimate. However, consumer spending growth is 4.4 percent which shows underlying strength in the otherwise soft headline number. Another positive is the drawdown in inventories, which points to future strength for production and employment. This is particularly positive given the current slow growth environment.

Although there was a decline in capital goods exports in July, a 31 percent surge in food exports narrowed the trade deficit to $59.3 billion. In addition, capital goods imports also fell, which further helped the deficit. Although international demand appears weak, this report points to a healthy start to third quarter GDP.

In a speech at the Kansas City Fed's monetary policy symposium in Jackson Hole, Wyoming, Fed chair Janet Yellen said that, "the case for an increase in the federal funds rate has strengthened in recent months". However, she also stressed that policy remains data dependent. She cited household spending as the economy's biggest strength among weakness in business investment and foreign demand. Most observers are interpreting her comments as an indication he Federal Reserve won't be raising rates until December.

TIDBITS

Foreign investors dumped another $6.8 billion of U.S. equities in June. Virtually all of the funds from foreign investors over the past year or so has gone into Treasury, agency, and corporate bonds looking for safety and yield.

QUOTE OF THE WEEK

"Good luck is what happens when preparation meets opportunity, bad luck is what happens when lack of preparation meets a challenge."
- Paul Krugman

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
www.estatecounselors.com

Important Disclosures: The information and statistics in The Market Week in Review have been obtained from sources we believe to be reliable but are not guaranteed by us to be accurate or complete. Any and all earnings, projections, and estimates assume certain conditions and industry developments, which are subject to change. The opinions stated are those of Estate Counselors, LLC, but are not intended to be a substitute for personal investment advice. Services provided by Estate Counselors, LLC do not constitute legal services and are not being provided by Willms, S.C. law firm. Communications between Estate Counselors, LLC and its clients are therefore not covered by the attorney-client privilege, and as a result may be discoverable by third parties. All such communications are, however, covered by Estate Counselors, LLC's privacy policy, a copy of which is available on request. Please let us know if you would like to discontinue receiving it. Thank you.