

The Market Week in Review

For Week Ending August 6, 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

Both the Nasdaq and the S&P 500 closed the week at fresh record highs, though all the major indices performed well and registered gains. Oil prices briefly dipped below \$40 a barrel, which unnerved equities early in the week, but the move wasn't strong enough to reverse the market's positive sentiment. Ultimately a strong jobs report propelled stocks to new highs, while volatility remained low. The VIX (the stock market's so-called "fear gauge") finished the week at its lowest level in two years. The stock market's gains triggered a minor selloff in the bond market. As bond prices moved lower, the rate on the 10 Year Treasury Note climbed 12 basis points to 1.58 percent.

| Index | Started Week | Ended Week | Change | % Change | YTD % |
|--------------|--------------|------------|--------|----------|-------|
| DJIA | 18,432.24 | 18,543.53 | 111.29 | 0.60% | 6.42% |
| Nasdaq | 5,162.13 | 5,221.12 | 58.99 | 1.14% | 4.27% |
| S&P 500 | 2,173.60 | 2,182.87 | 9.27 | 0.43% | 6.80% |
| Russell 2000 | 1,219.94 | 1,231.30 | 11.36 | 0.93% | 8.40% |

DAILY DEVELOPMENTS

MONDAY

Construction spending declined 0.6 percent to its lowest level since June 2015 the Commerce Department said on Monday. Construction outlays were up 0.3 percent from a year ago. Construction spending was held down by a 0.6 percent drop in private construction as spending on both single-family and multi-family projects fell.

Also on Monday the Institute for Supply Management announced its index of manufacturing activity declined to 52.6 in July from 53.2 in June, signaling continued overall growth at a somewhat slower pace. (A reading above 50 indicates

that factory activity is growing while a reading below 50 signals contraction.) Significantly, the new-orders index was solid although it ticked down to 56.9 in July from 57.0 the prior month.

TUESDAY

The Commerce Department said on Tuesday that consumer spending, which accounts for more than two-thirds of U.S. economic activity, increased 0.4 percent in June. When adjusted for inflation, consumer spending increased 0.3 percent. Purchases of non-durable goods rose by 0.7 percent while spending on services increased 0.5 percent. However, those gains were offset in part by a decline in spending on long-lasting manufactured goods such as automobiles, which fell 0.3 percent.

WEDNESDAY

The Institute for Supply Management said its nonmanufacturing index fell to 55.5 last month from 56.5 in June. Readings over 50 signal that the service-oriented sector of the economy is expanding. The new orders index rose slightly to a very strong 60.3, a good sign for the broader economy.

THURSDAY

Initial jobless claims edged higher the last two weeks of July but remain near record lows. More specifically, initial claims for unemployment benefits, a proxy for layoffs across the U.S., increased by 3,000 to a seasonally adjusted 269,000 in the week ended July 30th, the Labor Department said Thursday. The four week moving average rose by 3,750 last week to a seasonally adjusted 260,250. Continuing unemployment claims, which refers to workers drawing jobless benefits for more than one week, fell by 6,000 in the week ended July 23rd to 2.14 million.

The Commerce Department said on Thursday that new orders for manufactured goods declined 1.5 percent in June, reflecting the effects of a strong dollar and weak global demand. Orders for transportation equipment tumbled 10.5 percent, the biggest drop since August 2014 while orders for computers and electronic products slumped 1.9 percent, the largest drop in more than a year. However, orders for machinery, which have been hurt by weak demand in the energy and agricultural sectors, rose 0.2 percent.

FRIDAY

255,000 jobs were created during the month of July, according to a report by the Labor Department. The number far exceeded most economists' expectations and both the May and June numbers were revised higher as well. In another sign of strength, the labor force participation rate ticked a tenth higher to 62.8 percent, and wages crept up 0.3 percent for a 2.6 percent annual increase.

The nation's trade deficit rose to \$44.5 billion in June, although strong demand by the U.S. consumer is largely responsible for the widening gap. Consumer goods proved especially in heavy demand which is a positive sign for the economy. Foreign demand for U.S. products was relatively soft, however, rising only 0.3 percent.

TIDBITS

The U.S. Treasury Department has proposed rules to make escaping the estate tax more difficult for affluent families. The proposal seeks to limit the ability to discount the value of business interests when those interests pass on to an heir.

QUOTE OF THE WEEK

"History must repeat itself because we pay such little attention to it the first time."

- Blackie Sherrod

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.
