

The Market Week in Review

For Week Ending December 31 2016

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THE MARKETS

Hype about “Dow 20,000” quickly faded as quiet trading on Wall Street marked the first week since the election that all the major indices finished lower. Still, after a tumultuous start to 2016, all the major averages finished the year with slightly above average returns. Crude oil prices moved moderately higher as commodity traders anticipated the OPEC production cut that is slated to begin January 1st. U.S. benchmark crude closed the year just shy of \$54 a barrel. Gold rallied for the first time in several weeks to close at \$1,152 as the strength of the U.S. dollar pared slightly. After spiking over the past two months, interest rates fell nine basis points to 2.45%, as measured by the 10 Year Treasury Note. This is only 20 basis points higher than they were one year ago.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	19,933.81	19,762.60	-171.21	-0.86%	13.42%
Nasdaq	5,462.69	5,383.12	-79.57	-1.46%	7.50%
S&P 500	2,263.79	2,238.83	-24.96	-1.10%	9.54%
Russell 2000	1,371.51	1,357.13	-14.38	-1.05%	19.48%

DAILY DEVELOPMENTS

MONDAY

U.S. markets were closed on Monday in observance of Christmas.

TUESDAY

The Case-Schiller Housing Price Index showed home prices rose only 0.6% during the month of October, with the one year figure higher by 5.1%. Strength was found on the East coast, which had been a laggard for most of the year. The West region continued to show a year over year gain, but although gains have slowed, the slowdown has eased concerns of a bubble.

WEDNESDAY

The National Association of Realtors' Pending Home Sales Index declined 2.5% in November, held back by an increase in mortgage rates which spiked 50 basis points. Declines were seen in three of the four regions, with weakness centered on the West. Low supply also affected the resale of homes and contributed to the weak month.

THURSDAY

The Department of Labor reported that initial jobless claims dropped by 10,000 to a 265,000 level for the week of December 24th. Continuing claims, on the other hand, rose 63,000 to 2.1 million in the December 17th week. The holiday season tends to skew these numbers, so sizable revisions are a likely possibility in the coming week.

The U.S. trade deficit dropped to \$65.3 billion in November, according to the Census Bureau. Weak exports, held back by food and vehicles, were a main component to the increasing deficit. A 1.2% increase of foreign imports was also a contributor to the figure, which will likely dampen fourth quarter GDP expectations.

FRIDAY

There was no major economic news on Friday.

TIDBITS

One study on stock returns found that in order to beat the long-term market return, you'd have to "call the top" and "call the bottom" with an accuracy of more than 80%.

QUOTE OF THE WEEK

"The essence of investment management is the management of risks, not the management of returns." -Benjamin Graham

We 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 Week in Review please email us at firm@estatecounselors.com. If you would like to discuss how current market conditions could impact your investments, please feel free to call us at the number listed below.

Best regards,

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