

# The Market Week in Review

For Week Ending February 6, 2016

## THE MARKETS

The stock market endured another shaky week as oil prices continued to fall and a mixed jobs report on Friday re-ignited fears the Federal Reserve will hike the federal funds rate again as early as March. Both the S&P 500 and the Dow Jones Industrial Average are down more than 10% from their highs reached last year, and many of last year's best performing stocks have dropped even more in 2016. Treasury prices rose as yields fell for the week as weaker economic data and global growth concerns caused some investors to shed equities and flee to the safe-haven asset. The U.S. 10-year Treasury bond yield fell 0.08% to end the week at 1.84%. Gold advanced for a third straight week, rising to \$1,175 per ounce.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	16,466.30	16,204.97	-261.33	-1.59%	-7.00%
Nasdaq	4,613.95	4,363.14	-250.81	-5.44%	-12.87%
S&P 500	1,940.24	1,880.05	-60.19	-3.10%	-8.02%
Russell 2000	1,035.38	985.62	-49.76	-4.81%	-13.23%

## DAILY DEVELOPMENTS

### MONDAY

The Commerce Department said on Monday consumer spending overall was unchanged in December from the prior month. When adjusted for inflation, consumer spending edged up 0.1 percent after a 0.4 percent gain in November. Spending on long-lasting manufactured goods such as autos dropped 0.9 percent. Purchases of nondurable goods also declined 0.9 percent. Income rose 0.3 percent and savings surged to \$753.3 billion, the highest level since December 2012.

In a separate report the Commerce Department announced that construction spending ticked up by just 0.1 percent in December. Outlays on private residential construction rose 0.9 percent, likely boosted by warm weather. However, spending nonresidential structures, which includes factories and offices, fell 2.1 percent.

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The Institute for Supply Management (ISM) said its index of national factory activity rose for January to 48.2 from 48.0 in December. (A reading above 50 indicates expansion in the manufacturing sector while a reading below 50 indicates contraction). The employment index fell to 45.9, its lowest reading since June 2009. The new orders index climbed to 51.5, the highest since last August, from 48.8. The prices paid index was unchanged at 33.5.

#### *TUESDAY*

Car and truck sales in the United States were down 0.3 percent in December compared to January 2015, according to AutoData Corp, besting analysts' expectations for sales to decline by as much as 4.5 percent. 1.15 million vehicles were sold in January which is typically one of the slowest sales month of the year.

#### *WEDNESDAY*

The Institute for Supply Management reported on Wednesday that its non-manufacturing index fell to 53.5% from 55.8% in December. While any number over 50% indicates more businesses are expanding instead of contracting, the ISM service index has dropped three straight months and now is at the lowest level since February 2014. The employment fell 4.2 points to 52.1% to hit the lowest rate in a year.

#### *THURSDAY*

Initial claims for state unemployment benefits increased 8,000 to a seasonally adjusted 285,000 for the week ended January 30<sup>th</sup>, the Labor Department said on Thursday. In addition the prior week's claims were lowered by 1,000. New claims remained below the 300,000, threshold associated with strong labor market conditions for the 48<sup>th</sup> straight week. That is the longest run since the early 1970s.

#### *FRIDAY*

The Labor Department said Friday that the unemployment rate fell from 5% to 4.9% in January. That's the lowest rate since February 2008. However, employers added just 151,000 jobs, suggesting the rate of growth in the number of new jobs could be slowing. Average hourly wages rose 12 cents to \$25.39, and are up 2.5% the past year, possibly reflecting an acceleration as the labor market tightens. In another encouraging sign, the average work week edged up to 34.6 hours from 34.5 hours.

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## TIDBITS

A hardware failure led to an interruption in many IRS online services last week. Unavailable functions included acceptance of electronically filed tax returns and inquiries to the "Where's My Refund?" service.

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## QUOTE OF THE WEEK

“When you have gained a certain amount of experience, you find that a desire to help all people arises in you.”  
- Mikhail Prokhorov

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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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