ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending January 30, 2016

THE MARKETS

It was more of the same on Wall Street as stock market volatility has (at least for the time being) become the new norm. Equities staged a late week rally following a dovish press release by the Fed that seemed to imply it may slow the rate and that it is going to be raising interest rates. Thanks to a striking move higher on Friday, all the major indices managed to close in the black for the second week in a row. Oil also had a good week, rebounding to nearly $34 a barrel after trading below $28 last week. Gold also moved higher to $1,118 despite a move by the Bank of Japan that surprised markets by introducing a negative interest rate policy that helped the dollar's strength. Japan's unprecedented measure is intended to push inflation back up to 2 percent in that country.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	16,093.51	16,466.30	372.79	2.32%	-5.50%
Nasdaq	4,591.18	4,613.95	22.77	0.50%	-7.86%
S&P 500	1,906.90	1,940.24	33.34	1.75%	-5.07%
Russell 2000	1,020.66	1,035.38	14.72	1.44%	-8.85%

DAILY DEVELOPMENTS

MONDAY

There were no major economic announcements on Monday.

TUESDAY

The Conference Board on Tuesday said that its consumer confidence index rose to 98.1 in January from 96.3 in December. Survey participants were more confident about the future, while their assessment of current economic conditions was unchanged from December. More than 72 percent expect interest rates to rise over the next year, the most since July 2006. Nonetheless, 6.6 percent of survey respondents planned to buy a house in the next six months. That's the highest percentage since December 2013.

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The S&P/Case-Shiller U.S. Home Price Index rose 5.3% in the 12 months ended in November, as compared to 5.1% in October, according to a report released Tuesday. The 20 city home price index rose 5.8 percent from a year ago, up from a 5.5 percent in October. The number of houses offered for sale also declined, with inventory declines of 10% in the 15 biggest markets in the country.

WEDNESDAY

The Commerce Department said Wednesday that new-home sales surged 10.8 percent in December to a seasonally adjusted annual rate of 544,000. It was the third consecutive monthly gain since sales collapsed in September. Last year was the best in the last eight years for the U.S. housing market as sales hit 501,000, a 14.5% increase over 2014.

In a unanimous vote Wednesday, the Federal Reserve left the range for its benchmark interest rate unchanged between 0.25 and 0.5 percent. Its official statement emphasized the resilience of the job market despite the weakened recovery and pointed out strength in consumer spending and the housing sector. In a statement issued following the vote the Fed indicated that it would "closely monitoring global economic and financial developments and is assessing their implications for the labor market and inflation and for the balance of risks to the outlook".

THURSDAY

Weekly applications for unemployment benefits fell 16,000 to a seasonally adjusted 278,000. The four week average, a less volatile measure, dropped 2,250 to 283,000. The total number of Americans receiving unemployment benefits rose by 49,000 to 2.27 million, a 4.5 percent decline when compared to the same time last year.

Durable goods orders dropped 5.1 percent in December following a 0.5 percent decline in November, the Commerce Department said Thursday. Overall orders were down $12 billion in December to a seasonally adjusted total of $225.4 billion. The weakness was fueled in part by a 29.4 percent drop in sales of commercial aircraft that can swing greatly from month to month. Excluding the transportation sector, orders still fell 1.2 percent following a 0.5 percent decline excluding transportation in November. The category that serves as a proxy for business investment plans dropped 4.3 percent in December after a 1.1 percent decline in November.

FRIDAY

The Commerce Department released its first estimate of The U.S's gross domestic product in the fourth quarter of 2015. It indicated that the economy grew at an annual rate of just 0.7 percent last quarter, less than half the 2 percent growth rate in the July-September period. However, most analysts said they expected the slump to be short-lived. Consumer spending grew at a 2.2 percent annual rate, compared with a 3 percent rate the previous quarter. Analysts said part of that weakness likely reflected a warmer-than-normal December, which reduced spending on winter clothing and utility bills. By comparison, spending on services and goods rose 0.9 percent and 0.5 percent, respectively, and home construction grew at a solid 8.1 percent annual rate.

Consumer sentiment fell to 92.0 in the January survey performed by the University of Michigan. The mid-month reading was 93.3 and the consensus estimate registered at 93.0. Expectations were unchanged at 82.7, but the current conditions component dropped 1.7 points to 106.4. On the whole, the report was very solid in the face of globally volatile markets.

TIDBITS

Apple has reported the slowest growth in iPhone shipments on record and has predicted the first revenue decrease in 13 years. Analysts are concerned Apple has no blockbuster product near release.

QUOTE OF THE WEEK

"My formula for success is rise early, work late, and strike oil."
- J. Paul Getty

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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