ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending July 9, 2016

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THE MARKETS

Stocks rallied for a second week leading the S&P 500 to close 1.43 points shy of its all time high set on May 21, 2015. With bonds around the globe at historic low yields, many market pundits think stocks have further to run, despite the fact that they look overvalued from a historical perspective. 10 year treasuries now yield just 1.36 percent and 30 year treasuries yield 2.11 percent, which is less than 10 year issues were yielding at the beginning of the year. The S&P 500 currently yields over 70 basis points more than a U.S. 10 Year Treasury Note.

The rally in precious metals also continued with gold and silver climbing 1.6 percent and 3.0 percent, respectively. Crude oil lost ground with U.S. benchmark West Texas Intermediate falling to $45 a barrel.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,949.37	18,146.74	197.37	1.10%	4.14%
Nasdaq	4,862.57	4,956.76	94.19	1.94%	-1.01%
S&P 500	2,102.95	2,129.90	26.95	1.28%	4.21%
Russell 2000	1,156.77	1,177.36	20.59	1.78%	3.65%

DAILY DEVELOPMENTS

MONDAY

Markets were closed on Monday in observance of the July 4th holiday.

TUESDAY

The Commerce Department said on Tuesday new orders for manufactured goods declined 1.0 percent. The decline comes after two straight months of increases. Orders for non-defense capital goods excluding aircraft, seen as a proxy for business spending plans, fell 0.4 percent in May. Orders for transportation equipment fell 5.7 percent.

WEDNESDAY

The U.S. trade deficit climbed to $41.1 billion in May compared to April's $37.4 billion, the Commerce Department reported Wednesday. It was the largest imbalance since February. U.S. exports declined by 0.2 percent to $182.4 billion while imports rose by 1.6 percent to $223.5 billion. The rise in the value of the dollar that has been brought on in large measure by the weakening of European economies has made U.S. exports more expensive to foreign consumers and imports cheaper to U.S. citizens and companies.

Minutes of the June 14th-15th Fed policy meeting released Wednesday show a consensus to delay further interest rate hikes until data could show whether an anemic U.S. hiring report for May was merely a temporary blip. The Fed is also concerned about the direction of China's economy and fallout from the UK's decision to exit the EU. Many market pundits feel the central bank won't move rates until September at the earliest, with some forecasting just one rate hike this year or possibly no hikes at all.

THURSDAY

The Labor Department announced Thursday that initial claims for state unemployment benefits declined 16,000 to a seasonally adjusted 254,000 for the week ended July 2nd. Claims have now been below 300,000, a threshold associated with a healthy labor market, for 70 straight weeks, the longest stretch since 1973. The four week moving average of claims fell 2,500 to 264,750 last week.

FRIDAY

Nonfarm payroll in June increased by 287,000, dwarfing the 180,000 consensus estimate of polled economists. Even still, the unemployment rate climbed to 4.9 percent from 4.7 percent in May, a signal that many workers re-entered the labor force in June. The blowout report was led by strength in professional and business services, which saw an increase of 38,000 jobs. Hourly wages ticked up a tenth for a 2.6 percent year-over-year increase, and the average workweek was unchanged at 34.4 hours.

TIDBITS

Twenty major banks have lost a quarter of their total market value this year, about $465 billion, according to FactSet.

QUOTE OF THE WEEK

"As for it being different this time, it is different every time. The question is in what way, and to what extent."
- Tom McClellan

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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