

# The Market Week in Review

For Week Ending March 12, 2016

## THE MARKETS

Equities had a positive week last week as recent economic data lessened concerns that the United States might be heading for a recession. A strong rally on Friday left all four of the major indexes finishing the week in the black. The S&P 500 index ended the week about 11 percent higher than it was in mid-February. Similarly, the Dow finished the week about 10% higher than its low point for the year on February 11<sup>th</sup>. Stock market volatility has declined for four weeks following two months of extreme ups and downs. Meanwhile the price for U.S. crude oil hit a high for the year on Tuesday. Low fuel prices have helped keep inflation below the Federal Reserve's 2% target rate and have been a drag on stock prices.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,006.77	17,213.31	206.54	1.21%	-1.22%
Nasdaq	4,717.02	4,748.47	31.45	0.67%	-5.17%
S&P 500	1,999.99	2,022.19	22.20	1.11%	-1.06%
Russell 2000	1,081.93	1,087.56	5.63	0.52%	-4.25%

## DAILY DEVELOPMENTS

### MONDAY

The Fed announced on Monday that the Labor Market Conditions Index (LMCI) dropped to -2.4 last month from a revised -0.8 in January. LMCI is a relatively recent indicator developed by Federal Reserve economists to assess changes in the labor market conditions. The index has only been negative three times since the recovery began in mid-2009, including back-to-back drops in the middle of 2012.

Gallup reported Monday that Americans' daily spending increased slightly to an average of \$84 in February, up from \$81 in January. February's average is similar

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to spending levels recorded in the same month from 2013 to 2015. However, it is a significant improvement from February averages below \$65 found from 2009 through 2012, as the nation struggled to emerge from the Great Recession and financial crisis.

#### *TUESDAY*

There were no major announcements on Tuesday.

#### *WEDNESDAY*

The Commerce Department said on Wednesday wholesale inventories increased 0.3 percent in January as sales declined 1.3 percent. Inventory levels were flat in December while sales dropped 0.6 percent. January's weak sales pace means it would take wholesalers 1.35 months to sell out of current inventory, driven by a rise in stocks of nondurable goods such as drugs, paper and farm products.

The Energy Information Administration (EIA) provides weekly information on petroleum inventories in the U.S. This week's report showed that oil inventories rose 3.9 million barrels in the March 4<sup>th</sup> week to a new record at 521.9 million. Despite increased production of gasoline, inventories of gasoline fell 4.5 million barrels. Demand for gasoline, up 7.0 percent year-on-year, is very strong. Demand for distillates, however, remains weak, down 12.8 percent and reflecting in part low industrial demand for energy.

#### *THURSDAY*

The Department of Labor reported that initial jobless claims for the week of March 5<sup>th</sup> fell to 259,000, which is the lowest level since October. The four week average dropped 2,500 to 267,500. Continuing claims for the week of February 27<sup>th</sup> also fell 32,000 to 2.23 million. The four week average for that measure, however, is slightly higher than a month ago at 2.25 million.

#### *FRIDAY*

The Labor Department said on Friday that import prices slipped 0.3 percent last month after a 1.0 percent decrease in January. Import prices have decreased in 18 of the last 20 months, reflecting a robust dollar and plunging oil prices. Import prices fell 6.1 percent in the 12 months through February, the smallest year-on-year drop since December 2014.

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## TIDBITS

The European Central Bank announced on Thursday morning that it is increasing its quantitative easing program and will begin purchasing €80 billion a month (up from €60 billion) of government backed securities, and will also start purchasing corporate debt to help make more credit available to businesses. It also cut its short term deposit interest rate to -0.4%.

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## QUOTE OF THE WEEK

“I’m only rich because I know when I’m wrong. I basically have survived by recognizing my mistakes.”  
- Famed investor George Soros

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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,

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