ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending March 26, 2016

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THE MARKETS

Stocks receded for the first week in six and the major indices are now back in the red for the year. Trading volumes and activity was extremely light with the lowest volume day of the year occurring on Wednesday. The markets were closed on Good Friday. Gold suffered its worst week so far in 2016 as the dollar once again rallied higher. Oil also declined back below $40 a barrel after reports showed a record inventory build. Interest rates rose slightly with the 10 Year Treasury Note yielding 1.9 percent to close the week.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,602.30	17,515.73	-86.57	-0.49%	0.52%
Nasdaq	4,795.65	4,773.50	-22.15	-0.46%	-4.67%
S&P 500	2,049.58	2,035.94	-13.64	-0.67%	-0.39%
Russell 2000	1,101.67	1,079.54	-22.13	-2.01%	-4.96%

DAILY DEVELOPMENTS

MONDAY

The National Association of Realtors said Monday that sales of existing homes fell 7.1 percent last month to a seasonally adjusted annual rate of 5.08 million. The decline follows strong yearly sales rates of 5.47 million in January and 5.45 million in December. The decline in sales is being driven by a lack of supply of new homes available rather than a shortage in supply, with listings in February falling 1.1 percent from a year ago. The median home sales price was $210,800 in February, a 4.4 percent annual increase from a year ago.

TUESDAY

Markit's flash manufacturing PMI released Tuesday came in at 51.4 for March, up from February's reading of 51.3. While the accompanying report suggests there has been some improvement in the rate of output, new business and hiring in the manufacturing sector, the reading was lower than what economists had been expecting and suggests that the manufacturing sector is still in a slow-growth state.

WEDNESDAY

On Wednesday the Commerce Department announced that sales of new homes in the U.S. rose 2% in February to an annualized pace of 512,000, following a 502,000 rate in January that was stronger than previously reported. It was the fourth gain in the past five months. A 38.5% acceleration of sales in the West was the primary driver of the increase. Low mortgage rates and a strong labor market are giving Americans the confidence and ability to buy a home.

THURSDAY

Initial jobless claims increased by 6,000 to 265,000 for the week of March 19th according to the Labor Department's most recent weekly report. At the same time the initial estimate of the number of new claimants for last week was revised lower by 6,000 to 259,000. Continuing claims also fell by 39,000 to 2.18 million and there were no special factors in the report.

The Commerce Department reported that new orders for durable goods (which are items intended to last 3 years or more) fell 2.8 percent in February. Non-defense capital goods orders excluding aircraft, a closely watched proxy for business spending plans, fell 1.8 percent after advancing by 3.1 percent in January. The decline in the so-called "core" number (which excludes the very volatile transportation sector) was somewhat better, declining by 1.0 percent. Total shipments also fell 0.9 percent. On the whole, the report was a disappointment that pointed to a lack of improvement in the struggling manufacturing sector. Manufacturing, which accounts for 12 percent of the U.S. economy, has been hammered by the strong dollar, weak global demand, and capital spending cuts by oilfield service firms.

FRIDAY

The third and final estimate of the nation's gross domestic product was 1.4 percent, according to the Commerce Department. The report showed that consumer spending continued to propel the economy as personal expenditures registered a 1.3 percent pace. New in this report was the first sign that corporate profits fell 3.1 percent in 2015, the biggest decline since 2008, partly due to plummeting oil prices.

TIDBITS

An in-depth analysis by CNBC of the government's reports on gross domestic product suggests large and persistent errors that should give investors, business executives and policymakers pause in relying on the data for key decisions. CNBC looked at each quarterly report going back to 1990 and found an average error rate of 1.3 percentage points. So an initial report of 2 percent growth on average later would be revised to 3.3 percent or 0.7 percent. The research does not show any systematic overstatement or understatement of growth, just persistently large revisions.

QUOTE OF THE WEEK

"A 'tired businessman' is one whose business is usually not a successful one."
- Joseph R. Grundy

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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