

# The Market Week in Review

For Week Ending May 14, 2016

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## THE MARKETS

Disappointing earnings from nearly all the major retailers weighed on the equity markets, which are now down for a third straight week. The Dow experienced both its best day since March and its worst day since February. The S&P broke below its 50-day moving average, which is a key sign of weakness for many technical traders. As stocks slid, Treasuries moved higher sending the yield on the 10 Year Note eight basis points lower to 1.70 percent. Oil prices rose again to close the week at \$46.15 a barrel as crude oil inventories fell and drilling rigs in operation decreased by another 10.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,740.63	17,535.32	-205.31	-1.16%	0.63%
Nasdaq	4,736.16	4,717.68	-18.48	-0.39%	-5.79%
S&P 500	2,057.14	2,046.61	-10.53	-0.51%	0.13%
Russell 2000	1,114.72	1,102.44	-12.28	-1.10%	-2.94%

## DAILY DEVELOPMENTS

### MONDAY

The Federal Reserve Bank of St. Louis' Labor Market Conditions Index (LMCI) registered a 0.9 decline for April, after a 2.1 fall the previous month. April was the fourth successive monthly decline.

**TUESDAY**

The Labor Department issued its monthly Job Openings and Labor Turnover Survey (JOLTS) report on Tuesday. Job openings, a measure of labor demand, rose 149,000 to a seasonally adjusted 5.8 million, the highest reading since July. The gain lifted the jobs openings rate to 3.9 percent, from 3.8 percent in February. Hiring, however, fell 218,000 to 5.3 million in March, suggesting employers are having a difficult time finding qualified workers for the open positions.

**WEDNESDAY**

Crude oil inventories fell 3.4 million barrels in the week of May 6<sup>th</sup>, according to the Energy Information Administration. This puts inventories 11.4 percent higher than one year ago. Refinery production was also higher in the week at about 10.1 million barrels of gasoline per day.

**THURSDAY**

Jobless claims rose by 294,000 last week, which was 27,000 more than expected. This was the second large increase in a row and there were no special factors in the report. The four week average is also up sharply at 268,250. Continuing claims jumped as well, rising by 37,000 to 2.16 million for the week of April 30<sup>th</sup>. The four week average for that measure, however, is down by 4,000 to 2.13 million.

**FRIDAY**

Despite poor first quarter earnings reports from many retailers, retail sales showed a gain of 1.3 for the month of April, according to the U.S. Bureau of Census. The number was helped in part by sales at gasoline stations which benefited from higher gas prices. Apparel also saw a boost and the only component in contraction was building materials and garden equipment.

Producer prices rose 0.2 percent in April, with food pulling down the core number which only rose 0.1 percent. According to this report by the Bureau of Labor Statistics, inflationary benefits from higher oil prices and the lower dollar have yet to take hold.

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**TIDBITS**

According to *The Economist* magazine, GDP growth in the U.S. for 2016 is expected to be +1.8%. That compares with estimates for the Euro area of +1.5%, for Germany at +1.5%, for France at +1.3%, Italy at +1.0%, and Japan at +0.5%.

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## QUOTE OF THE WEEK

“A person’s greatest virtue is his ability to correct his mistakes and continually make a new person of himself.”  
- Yang-Ming Wang

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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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