

# The Market Week in Review

For Week Ending October 1, 2016

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## THE MARKETS

Panic briefly took hold over the global markets on fears that Deutsche Bank, Germany's largest bank, may be financially unstable. However, the large cap indices quickly reversed course to close the week higher. The S&P 500, which historically has its worst month in September, was just shy of flat for the month. Meanwhile, the Nasdaq closed out its best quarter since 2013. Treasuries moved slightly higher for a second week and the 10 Year Note now yields 1.61 percent. Oil prices pushed higher on news that OPEC is planning on production cuts, even after skepticism grew of the cartel's pledge after data suggested production levels are moving to record highs. WTI crude gained nearly 8 percent to settle just above \$48 a barrel.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	18,261.45	18,308.15	46.70	0.26%	5.07%
Nasdaq	5,305.75	5,312.00	6.25	0.12%	6.08%
S&P 500	2,164.69	2,168.27	3.58	0.17%	6.08%
Russell 2000	1,254.62	1,251.65	-2.97	-0.24%	10.19%

## DAILY DEVELOPMENTS

### MONDAY

The Commerce Department said on Monday new home sales fell 7.6 percent to a seasonally adjusted annual rate of 609,000 units last month. Sales were up 20.6 percent from last August, while the inventory of new homes on the market rose 1.7 percent to 235,000 units. At August's sales pace it would take 4.6 months to clear the supply of houses on the market, up from 4.2 months in July.

*TUESDAY*

Single family home prices rose by 5.1 percent in July, according to the S&P/Case-Shiller U.S. National Home Price Index. Home prices have risen by about 5 percent annually for the last two years and are approaching the record highs seen before the financial crisis. However, the amount people are borrowing hasn't swelled nearly as much as it did before the financial crisis. Currently, outstanding mortgage debt on family homes for four people or less is 13 percent below the peak in 2008, according to S&P Dow Jones Indices.

The Conference Board's consumer confidence index rose to 104 in September, its highest level since the Great Recession. The improved outlook reflects a healthier job market, the Conference Board said.

*WEDNESDAY*

The Commerce Department said on Wednesday that a 21.9 percent drop in demand for civilian aircraft helped keep overall orders for durable goods flat in August. Durable goods include items ranging from toasters to aircraft that are meant to last three years or more. Meanwhile, new orders of core capital goods, which includes non-military U.S. capital goods other than aircraft and is a closely watched proxy for business spending plans, increased 0.6 percent last month. The government downwardly revised its estimate for those orders in July to a 0.8 percent gain from the previously reported 1.5 percent increase.

Speaking before the House Financial Services Committee on Wednesday, Federal Reserve Chairwoman Janet Yellen indicated that interest rate increases are coming, although there is no fixed timetable of their occurrence. Ms. Yellen also indicated that the Fed expects that U.S. job growth will continue to climb.

*THURSDAY*

Initial claims for state unemployment benefits rose 3,000 to a seasonally adjusted 254,000 for the week ended September 24<sup>th</sup>, the Labor Department said on Thursday. The four week moving average of new claims, which smoothes out volatility, fell 2,250 to 256,000. Continuing claims fell 46,000 to 2.062 million in the week ended September 17<sup>th</sup>.

America's gross domestic product, a broad measure of goods and services produced across the economy, expanded at an inflation adjusted 1.4 percent seasonally adjusted annual rate in the second quarter, the Commerce Department said Thursday. That's up from last month's estimate of a 1.1 percent growth rate during the spring.

The U.S.'s deficit in the sale of goods shrank 0.6 percent to a four month low of \$58.4 billion (forecast was \$62.2 billion) from \$58.8 billion. Exports of American made merchandise climbed 0.7 percent on pickup in shipments of industrial supplies, automobiles and consumer goods, while imports rose 0.3 percent on capital equipment, vehicles and foods.

#### FRIDAY

Personal income rose 0.2 percent during August while consumer spending was flat. Polled economists forecasted an increase of 0.2 percent for both metrics. Both numbers were soft after strong four month runs, and the spending weakness reflected a decline in vehicle sales and low fuel prices. Augmenting the lackluster income growth, consumers added to savings, which gained a tenth to 5.7 percent.

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#### TIDBITS

California, the nation's largest issuer of municipal bonds, is barring Wells Fargo & Co. from underwriting state debt and handling its banking transactions after the company admitted to opening potentially millions of bogus customer accounts. The suspension, in effect immediately, will remain in place for 12 months.

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#### QUOTE OF THE WEEK

"Remember that money can come as quickly as it goes, but time, once it is gone, never comes back."

- Damon Brown

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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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