ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending October 22, 2016

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THE MARKETS

Volatility declined last week as there was little change in stock prices, with all of the leading major averages finishing slightly higher. Third quarter earnings season rolled on with mixed results, but better-than-expected profits by a few of the leading tech companies propelled the Nasdaq to outperform. Oil prices pared back but closed at a healthy $51 a barrel as the dollar's strength continued against a basket of other currencies. The yield on 10 Year Government debt dropped six basis points to 1.74%.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	18,138.38	18,145.71	7.33	0.04%	4.14%
Nasdaq	5,214.16	5,257.40	43.24	0.83%	4.99%
S&P 500	2,132.98	2,141.16	8.18	0.38%	4.76%
Russell 2000	1,212.41	1,218.10	5.69	0.47%	7.24%

DAILY DEVELOPMENTS

MONDAY

Industrial production increased by 0.1% in September, missing the consensus estimate by a tenth. Manufacturing production rose a modest 0.2%, but only after the prior month was revised to a negative 0.5%. Automobile production rose only 0.1% after a strong summer. Year over year, industrial production is down 1% with the manufacturing component completely flat.

TUESDAY

Consumer prices rose 0.3% in September, which was in line with expectations. A 2.9% spike in energy prices boosted the headline figure. The core measurement, however, which strips out volatile food and energy, rose only 0.1% - missing expectations by a tenth. The one year rate now stands at 1.5%, the highest since October of 2014 but still falling short of the Fed's 2% target.

The National Association of Home Builders' Housing Market Index registered 63 in October, meeting the consensus range. Home builders remain optimistic about future sales and the leading component of the report is up 1 point to 72. The West led the regional data, followed by the all important South.

WEDNESDAY

Housing starts fell to a rate of 1.05 million annualized units in September, a dramatic 9% drop from the previous month. The decline was due to a 38% drop in the multi-family component. The single family component rose sharply by 8.1% to a 783,000 rate. Additionally, permits rose for both components, up 0.4% for single family and 17% for multi-family.

The Fed's Beige Book indicated the rate of economic growth remains "modest to moderate" with labor conditions being described as "tight". The report described consumer spending as "mixed" while also noting that manufacturing is being held down by the strong dollar.

THURSDAY

Initial jobless claims rose 13,000 for the week of October 15th to 260,000 while the four week average dropped 6,500 to 251,750. Results out of states stricken by Hurricane Matthew were little changed. Continuing claims for the October 8th week registered 2.06 million, which is slightly below the month ago figure.

Existing home sales jumped 3.2% in September to an annualized rate of 5.47 million, handily beating the consensus estimate. The single family component led the report, jumping 4.1% while condos fell 3.2%. Supply rose during the month by 30,000 units, however at the sales pace, supply dropped a tenth to 4.5 months. Distressed sales also came in a record low, amounting to only 4% of total transactions.

FRIDAY
There was no major economic news on Friday.

TIDBITS

In a mutual agreement, China and the Philippines could begin exploiting untapped energy reserves in the South China Sea. The U.S. Geological Survey estimates the region holds reserves of 11 billion barrels of oil and 190 cubic feet of natural gas. Both countries are currently critically dependent on imported oil and gas.

QUOTE OF THE WEEK

"I'm not nearly so concerned about the return on my capital as I am the return of my capital."
- Will Rogers

We 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 Week in Review please email us at firm@estatecounselors.com. If you would like to discuss how current market conditions could impact your investments, please feel free to call us at the number listed below.

Best regards,

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