

# The Market Week in Review

For Week Ending October 29, 2016

## Contact Us

- Our Website:  
www.estatecounselors.com
- Our Email:  
firm@estatecounselors.com
- Our Phone Number:  
(262) 238-6996
- Our Address:  
414 N. Main Street  
Thiensville, WI 53092

## THE MARKETS

All of the major benchmarks other than the Dow ended the week modestly lower as investors continued to digest a stream of third-quarter earnings reports. The Nasdaq Composite Index was held back by its large weighting in Apple and Amazon.com, which suffered as profits and future guidance disappointed. Arguably, the highlight in the equity markets this week came on Friday as news that the FBI is probing into newly discovered Hillary Clinton emails quickly erased the day's gains. For the week, however, the Dow managed to eke out a gain while the small cap Russell 2000 significantly lagged, falling 2.50%. Interest rates took center stage as the yield on the 10 Year Treasury Note pushed past 1.80% for the first time since early June. Bond prices stayed lower as the week rolled off and the 10 Year Note yield ultimately closed at 1.85% - handsomely above its 200 day moving average.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	18,145.71	18,161.19	15.48	0.09%	4.22%
Nasdaq	5,257.40	5,190.10	-67.30	-1.28%	3.65%
S&P 500	2,141.16	2,126.41	-14.75	-0.69%	4.03%
Russell 2000	1,218.10	1,187.61	-30.49	-2.50%	4.55%

## DAILY DEVELOPMENTS

### MONDAY

The Chicago Fed's National Activity Index rose to -0.14 in September from the prior revised reading of -0.72. The three month moving average, however, fell further into contraction territory, dropping seven tenths to register -0.21. September's improvement was led by mining and manufacturing production. Personal consumption and housing rose to -0.09 helped by strength in housing permits.

*TUESDAY*

Consumer confidence missed expectations, registering 98.6 for the month of October. However, strength was seen in the “jobs hard to get” component which dropped two tenths to 22.1%. Weakness was seen in both the current business conditions and future expectations which, while optimistic, are prevailing to a lesser degree.

*WEDNESDAY*

The trade deficit narrowed sharply to \$56.1 billion in September helped by exports which rose 0.9%. Exports of capital goods rose a strong 3.8% in what bodes positively for global investment. Exports of consumer goods also rose which is another positive considering the strength of the dollar. Imports declined 1.1% where most categories fell, barring automobile imports which rose 4.3%.

Sales of new homes in September rose 3.1% to a 593,000 unit annualized rate. Year over year sales are up a sharp 30%. Another positive in the report is the rise in median sales price, which climbed to \$313,500. Supply fell a tenth of a month to 4.8 months with 235,000 homes on the market at month end.

*THURSDAY*

The Labor Department reported on Thursday that initial jobless claims fell by 3,000 in the October 22<sup>nd</sup> week to a level of 258,000. Continuing claims for the October 15<sup>th</sup> week (the sample week for the monthly employment report) fell 15,000 to 2.04 million which is a 25,000 improvement from a month ago. There were no special factors in the report.

New orders for durable goods fell 0.1% in September from an upwardly revised 0.3% increase in August. Expectations were for a 0.2% increase, and the miss was mainly due to weak demand for military hardware and computers. September’s decline was the first in three months and orders for core capital goods was the softest since February.

*FRIDAY*

The Commerce Department’s first estimate of our nation’s third quarter Gross Domestic Product rose to an annualized rate of 2.9%. The expansion rate beat expectations and was helped by strong personal consumption expenditures which jumped 2.1%, led by a 9.5% spike in the durables component. Exports rose 10% largely due to international demand for soybeans. Business investment which added 0.2 percentage points to the headline number, increased 1.2%. Final demand was up 2.3%.

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## TIDBITS

Pricing in the Fed Funds futures market shows that traders see a 68% chance that the central bank will raise rates by December, according to CME Group.

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## QUOTE OF THE WEEK

“There’s one good financial idea every decade or so, and 5 to 10 marketing ideas a week.” – Eugene Fama, economist and Nobel laureate often referred to as “The Father of Finance”

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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](mailto: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,

Estate Counselors, LLC  
414 N. Main Street  
Thiensville, WI 53092  
Phone (262) 238-6996  
Fax (262) 238-6999  
[www.estatecounselors.com](http://www.estatecounselors.com)

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