ESTATE COUNSELORS, LLC

ASSET MANAGEMENT

The Market Week in Review

For Week Ending September 10, 2016

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THE MARKETS

The S&P 500 completed 51 trading days without a move greater than one percent, but that stretch of calm came to a close on Friday as all the major indices skidded over two percent lower. Friday's selloff was to blame for the week's red ink. The move lower was sparked by hawkish commentary by Fed members suggesting the Fed could raise interest rates sooner than most were expecting. As certain members have grown more hawkish, bond yields jumped out of a range they've been in since early July, and the 10 Year Note closed the week seven basis points higher at 1.67 percent. The dollar also strengthened in the face of higher interest rates, which prompted weakness in commodity markets. However, gold closed flat for the week and oil finished $1.50 higher at $45.85 a barrel.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	18,491.96	18,085.45	-406.51	-2.20%	3.79%
Nasdaq	5,249.90	5,125.91	-123.99	-2.36%	2.37%
S&P 500	2,179.98	2,127.81	-52.17	-2.39%	4.10%
Russell 2000	1,251.83	1,219.21	-32.62	-2.61%	7.34%

DAILY DEVELOPMENTS

MONDAY

The markets were closed Monday in observance of Labor Day.

TUESDAY

What had been one of the most consistently positive economic indicators stumbled badly in August as the ISM non-manufacturing index fell more than 4 points to 51.4. New orders fell nearly 9 points to 51.4, the lowest reading for this component of the index since December 2013. New export orders were down 9 points to 46.5, also a low since December 2013, while backlog orders declined by 1-1/2 points to 49.5. Readings below 50 signal contraction.

WEDNESDAY

The U.S. Bureau of Labor Statistics reported Wednesday that the number of job openings increased to 5.9 million in July, an increase of 228,000 from June. The hiring rate was steady at 3.6 percent, or 5.2 million in July. The separation rate was also little changed in July at 4.9 million - a rate of 3.4 percent. About 3 million Americans - or a rate of 2.1 percent - quit their jobs in July, the same number as was reported in June.

The Federal Reserve also released the latest edition of its so called "Beige Book" on the state of the U.S. economy. It indicated that the Fed sees moderate wage growth and low inflation in the coming months, as low energy prices for much of the past two years held inflation in check. "In many Districts, businesses reported trouble filling job vacancies for high-skilled positions", the Beige Book said, including technology jobs, engineering and construction work. Consumer spending was little changed in most districts over the reporting period. Most districts reported a slight rise in manufacturing activity, while housing activity, another mainstay of the economic expansion, continued to grow. Bankers reported credit quality remained "favorable" in most districts, with loan demand growing at an overall moderate pace.

THURSDAY

Initial claims for unemployment benefits fell by 4,000 in the September 3rd week to a lower-than-expected 259,000, pulling the 4 week average down 1,750 to 261,250. Continuing claims for the August 27th week fell 7,000 to 2.14 million, and the 4 week average declined by 4,000 to 2.15 million. In short, the data confirmed that layoffs are low and the labor market is healthy.

FRIDAY

Boston Fed President Eric Rosengren said in a speech on Friday that the U.S. economy increasingly faces risks if the Fed waits too much longer to raise interest rates. In prepared remarks, Rosengren stated, "A reasonable case can be made for continuing to pursue a gradual normalization of monetary policy".

TIDBITS

Uber, the ride-hailing service, has raised $18 billion in equity and debt, has a market valuation of close to $70 billion – higher than 87% of the firms in the S&P 500 - and has yet to earn a profit.

QUOTE OF THE WEEK

"It's impossible to understand the world of today until today has become tomorrow."
- Chuck Klosterman

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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