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ASSET MANAGEMENT

The Market Week in Review

For Week Ending September 24, 2016

THE MARKETS

Stocks finished higher after a small rally was sparked by the Fed's Wednesday announcement that it will leave interest rates unchanged. Prior to the announcement the S&P waited patiently – between Tuesday and last Friday it closed with movement of no more than six tenths of a single point. The Nasdaq reached a fresh all-time closing of 5,339 before paring back to close the week. Bond yields dropped as the Fed stayed the course and the 10 Year Treasury Note yield fell nine basis points to 1.61 percent. The dollar softened slightly while crude oil prices moved modestly higher to $44.55 a barrel even after a late week selloff occurred after reports that a Saudi official does not expect a production freeze agreement to be reached at next week's OPEC meeting. Gold rallied $30 for the week to just above $1,341 an ounce.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	18,123.80	18,261.45	137.65	0.76%	4.80%
Nasdaq	5,244.57	5,305.75	61.18	1.17%	5.96%
S&P 500	2,139.16	2,164.69	25.53	1.19%	5.91%
Russell 2000	1,224.78	1,254.62	29.84	2.44%	10.45%

DAILY DEVELOPMENTS

MONDAY
The National Association of Homebuilders' monthly housing market index jumped to 65 in September, matching an 11 month high. All three components - current sales, sales expectations, and traffic of prospective buyers - improved in September.

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TUESDAY

New housing starts decreased by 5.8 percent to a seasonally adjusted annual pace of 1.14 million units after two straight months of strong gains, the Commerce Department announced Tuesday. Single family housing starts in the South fell by 13%, due in large measure to flooding in Texas and Louisiana. Permits for future construction slipped 0.4 percent to a 1.14 million-unit rate last month as approvals for the multi-family homes segment tumbled 7.2 percent to a 402,000 unit-rate. However, permits for single family homes surged 3.7 percent to a 737,000-unit pace, suggesting demand for new housing remains strong.

WEDNESDAY

The Federal Reserve announced Thursday that it has voted 7-3 to leave interest rates unchanged. However, the announcement also indicated that there is growing support for an increase before year-end. "The committee judges that the case for an increase in the federal funds rate has strengthened but decided, for the time being, to wait for further evidence of continued progress toward its objectives", said Chair Yellen in prepared remarks.

THURSDAY

Initial jobless claims dropped by 8,000 to 252,000 in the week ended September 17th, which will be the sample week for the monthly employment report. Continuing claims for the week of September 10th fell 36,000 to 2.11 million. There were no special factors in the report, which given the upbeat numbers, points to exceeding strength in the labor market.

Existing home sales fell 0.9 percent in August to an annualized rate of 5.33 million units. Thin supply is holding back sales, which are only up 0.8 percent from a year ago. The median sale price also dropped 1.3 percent to $240,200. The bright spot for the report was condo sales, which spiked 10.5 percent for an increase of 1.6 percent on the year.

FRIDAY

September's flash PMI Manufacturing Index logged 51.4, down from the final August reading of 52.0. New orders are now rising at their slowest rate of the year, and export orders fell into contraction. This report confirms the recent weakness of several manufacturing-related reports.

TIDBITS

The Labor Department announced that the cost of medical care in the U.S. shot up 1% in August, the biggest single-month increase since 1984. The prices consumers paid for prescription medications jumped 1.3.

QUOTE OF THE WEEK

"If you feel passionate about something in your soul, pursue it. Pursue it with all the love you have."
- Unknown

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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