

The Market Week in Review

For Week Ending February 25, 2017

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THE MARKETS

The U.S. equity market climbed modestly higher in a holiday-shortened week, as investors focused their attention on the possibility of corporate tax reform. All three indexes recorded modest gains for the week, and the Dow Jones Industrial Average index closed at records highs for 10 consecutive days before its winning streak was broken on Friday. Yields for 10- and 2-year U.S. Treasuries hit two week lows of 2.388% and 1.192%, respectively, Thursday as bond prices moved higher after the Federal Reserve's minutes failed to clarify the timing of the next interest-rate increase. The dollar held relatively steady slightly above 101 against a basket of other major currencies. Crude oil stayed rangebound for another week to close at \$54 a barrel.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	20,624.05	20,821.76	197.71	0.96%	5.36%
Nasdaq	5,838.58	5,845.31	6.73	0.12%	8.59%
S&P 500	2,351.16	2,367.34	16.18	0.69%	5.74%
Russell 2000	1,399.86	1,394.52	-5.34	-0.38%	2.76%

DAILY DEVELOPMENTS

MONDAY

The Markets were closed on Monday in observance of Presidents Day.

TUESDAY

The flash PMI reading for February registered 54.3, according to the Institute for Supply Management. The eighth tenth drop from the prior month was due mostly to slowing new order growth and production. Strength was seen in domestic orders, while exports were weaker. Costs were at a two and a half year high, propelled by raw material inputs.

WEDNESDAY

The National Association of Realtors reported that existing home sales in January were up 3.3% to an annualized rate of 5.69 million. Supply has dropped to just 3.6 months, which has pushed the median sales price 7.1% higher to \$228,900. Average days on the market dropped to 50 from 52 in December and 64 a year ago.

THURSDAY

Initial claims for state unemployment benefits increased 6,000 to a seasonally adjusted 244,000 for the week ended February 18th, the Labor Department said on Thursday. Data for the prior week was revised to show 1,000 fewer applications received than previously reported. The four week moving average of claims, considered a better measure of labor market trends as it irons out week-to-week volatility, fell 4,000 to 241,000 last week, the lowest reading since July 1973.

Minutes of the Federal Reserve's January 31st - February monetary policy meeting published on Wednesday showed that many policymakers believed another interest rate hike might be appropriate "fairly soon" if labor market and inflation data meet or beat expectations.

FRIDAY

The National Association of Realtors reported that newly constructed homes sold at an annualized pace of 555,000 in January indicating that the momentum in this category slowed somewhat during the month. Supply, however, increased to 5.7 months and new homes on the market climbed 3.5% to 265,000. The median sales price slipped 1.0% to \$312,900.

The University of Michigan's Consumer Sentiment Survey slipped a bit in February due to less optimism in the jobs outlook. Still, the 96.3 reading is a solid showing and indicates consumers are still upbeat on the outlook of the economy.

TIDBITS

U.S. Treasury Secretary Steven Mnuchin said he won't make a decision on whether to designate China a currency manipulator until he has reviewed a report on the issue that his department is scheduled to make public in April. Before being elected president, Donald Trump had said he would instruct the Treasury secretary to designate China a currency manipulator on Trump's first day in office.

QUOTE OF THE WEEK

“Technology has no respect for tradition.”
- Peter C. Lee

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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