

The Market Week in Review

For Week Ending January 14, 2017

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THE MARKETS

Both the broad equity markets and the bond markets were generally flat for the week, although the Nasdaq picked up steam and managed a near 1% gain, led by Facebook and Amazon. Gold continued to move higher as many traders were perhaps bidding up the price of the safe-haven asset as we head into inauguration week. U.S. benchmark crude oil seems to have found a comfort zone between \$50 and \$55, closing in the middle of that range for the week. The yield on the 10 Year Treasury Note fell three basis points to 2.38%.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	19,963.80	19,885.73	-78.07	-0.39%	0.62%
Nasdaq	5,521.06	5,574.12	53.06	0.96%	3.55%
S&P 500	2,276.98	2,274.64	-2.34	-0.10%	1.60%
Russell 2000	1,367.28	1,372.05	4.77	0.35%	1.10%

DAILY DEVELOPMENTS

MONDAY

The Federal Reserve's Labor Market Conditions Index dropped 0.3 points for December, despite the economy having reached full employment. This suggests there may be more slack in the labor market and perhaps less risk of wage inflation than many economists are predicting.

TUESDAY

The Labor Department's Job Openings and Labor Turnover Survey (JOLTS) indicated that job openings topped 5.5 million for the month of November 2016. The hiring rate maintained its trend higher at 5.2 million. However, there appears to be a "skills gap" as indicated by the spread between the number of hires versus the number of unemployed.

WEDNESDAY

There was no major economic news on Wednesday.

THURSDAY

Initial jobless claims, according to the Labor Department, registered 247,000 for the week of January 7th. This was lower than the 255,000 economists were expecting and it held the four week average at 256,500. Continuing claims, which are reported with a one week lag, fell 29,000 to 2.09 million, which is also the four week average for that metric. The closing of the holiday season may be skewing these numbers.

FRIDAY

The Bureau of Labor Statistics' Producer Price Index rose 0.3% in December, for a one year gain of 1.6%. While food prices are off 1.1% on the year, they rose 0.7% for the month. Energy prices jumped 2.6%, due to a 7.8% spike in gasoline, and are up 5.9% for the one year figure. While moving in the right direction, price increases are still below the Fed's 2% target.

Retail sales rose 0.6%, falling a tenth shy of expectations, according to the Census Bureau's report. The data indicates holiday sales weren't as rosy as some had predicted. Stripping out automobiles and gasoline, sales were flat. Department store sales actually fell 0.6%, and restaurant sales dropped 0.8%, pointing to discretionary weakness. The positive in the report was vehicle sales, which rose 2.4%.

TIDBITS

With all eyes on the Dow's failure to hit 20,000 for another week, the Nasdaq pushed through to another all-time high to close the week at 5,574.

QUOTE OF THE WEEK

"If I had eight hours to chop down a tree, I'd spend six sharpening my axe."

- Abraham Lincoln

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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