

The Market Week in Review

For Week Ending January 21, 2017

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THE MARKETS

Equity markets were relatively flat for another week which was marked by the swearing in of our nation's 45th President. Crude oil has held steadily above \$50 since early December and rallied to close over \$53 this week. The dollar pared strength against a basket of other major currencies for the third week this year. Bond prices fell which sent interest rates higher and the 10 Year Treasury Note closed the week yielding 2.47%. The Chicago Board Option Exchange's Volatility Index (VIX) held below 12, which is a signal that market participants are highly complacent with the current level of stock prices.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	19,885.73	19,827.25	-58.48	-0.29%	0.33%
Nasdaq	5,574.12	5,555.33	-18.79	-0.34%	3.20%
S&P 500	2,274.64	2,271.31	-3.33	-0.15%	1.45%
Russell 2000	1,372.05	1,351.85	-20.20	-1.47%	-0.39%

DAILY DEVELOPMENTS

MONDAY

U.S. markets were closed on Monday in observance of Martin Luther King, Jr. Day.

TUESDAY

There was no major economic news on Tuesday.

WEDNESDAY

The Bureau of Labor Statistics reported that the Consumer Price Index, which tracks the cost of a basket of consumer goods, increased 0.3% in December and 2.1% for the 2016 year. This is the highest annual increase in nearly two years, and is finally in line with the Fed's target rate. Stripping out the volatile food and energy component, prices rose 0.2% for the month and 2.2% for the year.

Industrial production rose 0.8% in December, according to the Federal Reserve's index. Utility output spiked 6.6%, due to a cold weather blast over much of the nation. Mining, which is a main component was flat and manufacturing production volumes rose only 0.2%. In a small positive for the economic outlook, utilization capacity rose a solid 0.6% to 75.5%.

THURSDAY

Housing starts rose to an annualized rate of 1.23 million during the month of December, according to the Census Department. The spike was an 11.3% jump from the prior month, but was isolated to multi-family units which skyrocketed 57%. All important single-family units, on the other hand, declined 4.0%. Permits also slipped 0.2%, although here permits rose 4.7% for the single-family component.

Initial jobless claims fell 15,000 to a much better than expected 234,000 level for the week of January 14th, bringing the four week average down 10,250 to 246,750 which is the lowest level since 1973. The Labor Department's report also indicated that continuing claims for January were down 7.7% for the 2016 year, at 2.05 million.

The Philadelphia Fed's Business Outlook Survey for the month of January was remarkably strong at 23.6. The general conditions component was up four points, with new orders rising 11 points, signaling acceleration in factories. Unfilled orders jumped more than seven points and the employment component was up more than nine points.

FRIDAY

Donald J. Trump was sworn in as the 45th president of the United States on Friday. Although the inauguration went off without a hitch, afterwards protesters took to the streets clashing with police. The protests, projected by the media to be violent, were relatively contained and subdued.

TIDBITS

Security was top notch at Friday's inauguration. Over 30,000 federal and local law enforcement officers and 5,000 members of the National Guard blanketed the city, including the Coast Guard patrolling the Potomac River and Customs helicopters watching the skyline.

QUOTE OF THE WEEK

"It was never my thinking that made the big money for me. It was always my sitting – my sitting tight!"
- Jesse Livermore

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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