

The Market Week in Review

For Week Ending January 28, 2017

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THE MARKETS

Dow 20,000 became a reality as the S&P and the Nasdaq also hit new all-time highs this week. Gains in large caps held into the weekend, and while small caps also rebounded after sputtering into the year, the Russell 2000 has remained rangebound since mid-December. Fluctuations in interest rates netted to a nearly flat settlement on the 10 Year Treasury Note, which closed the week yielding 2.48%. With rates unchanged, the financial sector still rallied over 2%, trailing only the tech and materials sectors of the S&P 500.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	19,827.25	20,093.78	266.53	1.34%	1.68%
Nasdaq	5,555.33	5,660.78	105.45	1.90%	5.16%
S&P 500	2,271.31	2,294.69	23.38	1.03%	2.50%
Russell 2000	1,351.85	1,370.70	18.85	1.39%	1.00%

DAILY DEVELOPMENTS

MONDAY

There was no major economic news on Monday.

TUESDAY

For the month of December the National Association of Realtors said existing home sales dropped by 2.8% to 5.49 million units. This drop was offset by a revision in November's sales that was previously 5.61 million units and revised up to 5.65 million units. The number of unsold homes fell by 11% to its lowest reading since 1999 of 1.65 million units. Although the supply of homes is low, there is very little affect in prices as the median is down only 0.9% for the month to \$232,000.

WEDNESDAY

The U.S. Energy Information Administration reported an increase of 2.8 million barrels in domestic crude oil supplies in the January 20th week. Product inventories of gasoline and distillates also rose 6.8 million barrels and 0.1 million barrels, respectively. Refineries continue to ease off by operating at 88.3% of their capacity, which is down 2.4% from the previous week and continuing a trend from a 2.9% decrease the week prior.

THURSDAY

The U.S. trade deficit for goods narrowed to \$65 billion in December from the previous \$65.3 billion in November. This was largely attributed to the 3% increase in exports and matched by the larger sum of imports that rose 1.8% for the month, thus resulting in a miniscule change in the deficit.

In the week ending January 21st, jobless claims increased by 22,000 from the previous week to a total of 259,000. However, the four week moving average decreased by 2,000 from the previous week's revised average of 247,500. Continuing claims data for the January 14th week rose 41,000 to 2.1 million with the four week average down marginally to 2.09 million.

Sales of new homes dropped a sharp 10.4% for the month of December to a 536,000 annualized rate. Despite the significant drop for the month, the more important three month average is down only 2.0% to 568,000.

FRIDAY

Fourth quarter gross domestic product (GDP) expanded at a 1.9% growth rate, which is a marked drop from the previous third quarter's 3.5% growth rate. One of the larger drags on the GDP report came from the outsized pull lower from net exports, resulting in a 1.7% point reduction for the quarter. Yet, personal consumption expenditures rose a respectable 2.5% for the quarter. Residential investment and business investment also rose 10.2% and 2.4%, respectively, for a positive contribution to the report.

TIDBITS

On Thursday the Trump Administration told reporters that they are considering on pushing a 20% border tax on Mexican imports to fund the southern border wall between the U.S. and Mexico.

QUOTE OF THE WEEK

“Sometimes by losing a battle you find a new way to win the war.”
- Donald Trump

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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