

# The Market Week in Review

For Week Ending January 7, 2017

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## THE MARKETS

Unlike last year, 2017 kicked off on a positive note. The Nasdaq was the week's biggest gainer as a few large tech companies regained steam after sputtering in the fourth quarter of 2016. Goldman Sachs, the Dow's largest component, nearly pulled the index over 20,000 on Friday but fell shy by a fraction of a point before closing the week short of the milestone. The yield on the 10 Year Note fell six basis points to 2.42%. U.S. benchmark crude oil was flat, just short of \$54 a barrel. Gold rose for a third week and moved above \$1,800 before settling at \$1,173. The Dollar Index bounced higher before settling the week lower at \$102.18.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	19,762.60	19,963.80	201.20	1.02%	1.02%
Nasdaq	5,383.12	5,521.06	137.94	2.56%	2.56%
S&P 500	2,238.83	2,276.98	38.15	1.70%	1.70%
Russell 2000	1,357.13	1,367.28	10.15	0.75%	0.75%

## DAILY DEVELOPMENTS

### MONDAY

Markets were closed on Monday in observance of New Year's Day.

### TUESDAY

The Institute for Supply Management's Manufacturing Index rose 1.5 points to 54.7 in December for the best showing in two years. New orders were the highlight of the report, jumping 7.2 points to 60.2, which was also a two year high. Production, employment and export order were also up solidly.

### WEDNESDAY

Minutes from the Federal Reserve Open Market Committee's December 14<sup>th</sup> meeting were released on Wednesday, indicating that members were reserved in evaluating the economy's outlook given the uncertainty for federal spending, tax and regulatory reform. Still, most members forecast unemployment below the target rate, which could prompt a faster than expected increase in the Fed Funds rate. However, this concern wasn't urgent given the current low rate of inflation.

### THURSDAY

The Labor Department reported on Thursday that initial jobless claims in the closing week of 2016 dropped by a larger than expected 28,000 to 235,000. The four week average for that metric is down 5,750 to 256,750, though it is still slightly above the month ago level. Continuing claims for the December 24<sup>th</sup> week rose 16,000 to 2.11 million with the four week average jumping 26,000 to 2.07 million.

### FRIDAY

The Bureau of Labor Statistics reported that 156,000 nonfarm jobs were created in December, missing the consensus estimate of 175,000. Positives were still found in the report, namely an upward revision of 19,000 to the prior two months and more importantly, a 0.4% rise in wages. Year over year, wages are at a cycle high, up 2.9%. The unemployment rate moved a tenth higher to 4.7% with the participation rate falling a tenth to 62.6%.

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## TIDBITS

The last three times a Republican administration took over from a Democratic administration, the Dow averaged a negative return between December 31<sup>st</sup> of the election year and the subsequent mid-term election.

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## QUOTE OF THE WEEK

"Owning equities is like holding a wolf by the ears. It's uncomfortable if you hold on, and worse if you let go."

- Martin Le Clerc

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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](mailto: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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