

The Market Week in Review

For Week Ending March 18, 2017

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THE MARKETS

Stocks were relatively unchanged for a second week, one that marked the Fed's third interest rate hike in 10 years. In a sign the rate hike was already priced in, bond prices were actually bid higher upon Wednesday's announcement and subsequent press conference by Fed Chair Janet Yellen. In another head scratching development, gold prices moved higher and the dollar held relatively steady. The yield on the 10 Year Note moved back down to 2.5%. It was also a "quadruple witching" on Friday (which marks the expiration of index option and futures contracts) which tends to inject extra volatility into the week's close, however both the equity and bond markets stayed fairly calm.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	20,902.98	20,914.62	11.64	0.06%	5.83%
Nasdaq	5,861.73	5,901.00	39.27	0.67%	9.62%
S&P 500	2,372.60	2,378.25	5.65	0.24%	6.23%
Russell 2000	1,365.26	1,391.52	26.26	1.92%	2.53%

DAILY DEVELOPMENTS

MONDAY

There was no major economic news on Monday.

TUESDAY

The Bureau of Labor Statistics' Producer Price Index rose 0.3% for the month of February and is up 2.2% over the past year. Stripping out volatile food and energy, the monthly reading was the same and registered a 1.5% increase for the annual figure. Goods and services both showed rising pressure of 0.3% and 0.4%, respectively, with the services figure getting a boost from traveler accommodation.

WEDNESDAY

Consumer prices, as measured by the Bureau of Labor Statistics' Consumer Price Index, rose only 0.1% in February - the smallest monthly increase since the summer of 2016. The year over year rate, however, is up a healthy 0.2% to 2.7%. Energy prices fell sharply which held back the core reading to a 0.2% increase for the month. Energy prices are still up 15.2% from a year ago when the supply glut took hold of the markets.

Retail sales rose 0.1% in February, after the January number was revised two tenths higher to an even healthier increase of 0.6%. The numbers were resilient despite plunging gasoline prices. Auto sales were also weak, falling two tenths after a 1.3% decline in January. Stripping out both volatile components boosted the core reading a tenth higher to 0.2%.

THURSDAY

Housing starts came in at a 1.29 million annualized rate in February, according to the National Association of Homebuilders. Single family home starts surged 6.5% and permits were up 3.1% for the strongest figures since October 2007. Multi family units, on the other hand, saw a 3.7% decline in starts and a 22% decline in permits. Still, the overall report is solid and shows healthy annual increases for both components.

Initial jobless claims dropped 2,000 to 241,000 for the week of March 11th and the four week average of 237,250 is down nearly 10,000 since a month ago. Continuing claims, in lagging data for the week of March 4th fell 30,000 with the four week average down 30,000 to 2.05 million. There were no special factors in the Labor Department's report.

FRIDAY

Industrial production was flat in February, according to the Federal Reserve's monthly index. The manufacturing component, however, rose 0.5% with strength in business equipment and auto production. Overall capacity utilization was 75.4% with the mining component continuing to show more life with gains in volume for its strongest showing since September 2015.

TIDBITS

The Federal Reserve raised its benchmark interest rate to a range between 0.75% and 1%, its second rate hike in three months but only the third increase since the global financial crisis. Fed Chair Janet Yellen said the central bank will take a cautious approach to

further rate increases because it isn't as optimistic about the growth ahead for the economy as some business executives and stock market investors.

QUOTE OF THE WEEK

“Imagination is more important than knowledge.”
- Albert Einstein

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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