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Market Week: April 21, 2014

The Markets

Despite the holiday-shortened trading week, domestic equities managed to recapture virtually all of the ground lost the week before--and more important, the gains were across the board. Even the tech and biotech sectors that have suffered recently showed signs of stabilization, while the S&P 500 managed to return to positive territory for the year.

Market/Index	2013 Close	Prior Week	As of 4/18	Weekly Change	YTD Change
DJIA	16576.66	16026.75	16408.54	2.38%	-1.01%
Nasdaq	4176.59	3999.73	4095.52	2.39%	-1.94%
S&P 500	1848.36	1815.69	1864.85	2.71%	.89%
Russell 2000	1163.64	1111.44	1137.90	2.38%	-2.21%
Global Dow	2484.10	2470.01	2504.44	1.39%	.82%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	3.04%	2.63%	2.73%	10 bps	-31 bps

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Headlines

- Springtime for retail: Shoppers emerged from hibernation and returned to stores again in March, according to the Commerce Department. Retail sales rose 1.1% from February, and were 3.8% higher than in March 2013. Auto sales were up 3.4% for the month and up 9.5% from March 2013. The figures were hailed as confirmation that frigid winter weather was a major factor in previous months' sluggish sales.
- China's economy grew 7.4% over the last year, according to the country's National Bureau of Statistics. That represents a slowing from the previous quarter's annualized 7.7% rate, and is slightly below the targeted 7.5% growth for all of 2014. It also represents the nation's slowest quarterly growth in 18 months. Chinese officials said weaker winter demand from the United States for exports and a sluggish housing market were major factors in the decline.
- Consumer prices rose 0.2% in March, helping to cut the inflation rate for the last 12 months slightly to 1.5%. The Bureau of Labor Statistics said the biggest increases were seen in the costs of food and shelter. Grocery prices overall were up .5% for the month and 1.7% for the year, while restaurant prices are up 2.3% since March 2013. The 2.7% increase in the cost of shelter since last March in part reflects rising home prices. Meanwhile, energy costs declined 0.1% in March, led by a 1.7% drop in gas prices.
- Housing starts improved in March, rising 2.8%, but were nevertheless almost 6% lower than March 2013. The Commerce Department said building permits--an indicator of future activity--fell 2.4% for the month but were more than 11% higher than the previous March.





Key Dates/Data Releases

4/22: Existing home sales

4/23: New home sales

4/24: Durable goods orders

- U.S. industrial production grew 0.7% in March, driven largely by mining and the utilities sector. Also, the Federal Reserve revised February's 0.7% gain upward to 1.2%; it was the highest monthly growth rate in almost four years. The increases represent an annualized 4.4% growth rate in Q1. Meanwhile, the Fed's April Empire State manufacturing survey slipped 4 points to 1.3, but the Philly Fed's survey for the month rose from 9.0 to 16.6, its highest reading since last September and the second consecutive month of gains.
- The nonpartisan Congressional Budget Office said the federal government's cost of expanding health-care coverage under the Affordable Care Act (primarily from providing insurance premium subsidies) will be \$36 billion in 2014--roughly 12% less than the amount predicted in February--and almost 7% (\$100 billion) less than the \$1,487 billion previously estimated for the next 10 years.
- The weekly earnings of full-time American workers during the first quarter were 3% higher than a year earlier; according to the Bureau of Labor Statistics, that's the fastest annual growth since 2008 and was more than double the 1.4% increase in the Consumer Price Index over the last 12 months. The report said the increase put inflation-adjusted median weekly earnings at \$796, their highest level since Q2 2012.

Eye on the Week Ahead

Data on home sales and manufacturing could suggest whether a spring rebound is in store. Many of the major Nasdaq tech companies will release Q1 earnings, which could influence whether last week's rally shows some ongoing strength.

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The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. Market indices listed are unmanaged and are not available for direct investment.

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Given the recent events impacting investors and their financial security, we would welcome the opportunity to provide a second opinion for anyone who would like to have a check-up on their investments, financial plan or estate plan. If you know of anyone who may have a concern with their current advisor or current investment portfolio, we encourage you to share our contact information with those that could benefit from a complimentary review.

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