



## Abel Financial Strategies

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# Market Week: March 31, 2014

## The Markets

Ouch: Last week was large-cap stocks' time to shine (or at least outperform). The Nasdaq's 2.8% loss represented its worst week since early October 2012, and the small caps of the Russell 2000 suffered even more; both were hurt by selling in the tech and biotech sectors. Meanwhile, the Global Dow rebounded into positive territory year-to-date.

Market/Index	2013 Close	Prior Week	As of 3/28	Weekly Change	YTD Change
DJIA	16576.66	16302.77	16323.06	.12%	-1.53%
Nasdaq	4176.59	4276.79	4155.76	-2.83%	-.50%
S&P 500	1848.36	1866.52	1857.62	-.48%	.50%
Russell 2000	1163.64	1193.73	1151.81	-3.51%	-1.02%
Global Dow	2484.10	2451.31	2485.23	1.38%	.05%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	3.04%	2.75%	2.73%	-2 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

- And then there were seven: The largest industrialized nations of the world suspended Russia's 16-year-old membership in the G8 in retaliation for the annexation of Crimea.
- U.S. economic growth slowed in the fourth quarter of 2013, according to the Bureau of Economic Analysis. The 2.6% annualized increase in Q4 gross domestic product was lower than Q3's 4.1% gain. That helped cut inflation-adjusted GDP for all of 2013 to 1.9% compared to the previous year's 2.8% growth. Meanwhile, after-tax corporate profits were up 2% for the quarter--slightly less than in Q3--and a 3.7% drop in corporate taxes last year left corporate after-tax profits up 6.9% for all of 2013.
- After two months of declines, durable goods orders were up 2.2% in February. According to the Commerce Department, a 1.8% increase in commercial aircraft and parts was a key factor in the nearly 7% increase in transportation orders, which led the overall improvement.
- New home sales fell 3.3% between January and February, and were 1.1% lower than in February 2013. However, the Commerce Department said the average sale price rose for the third straight month, though the \$317,500 average price was still below the \$335,600 seen in November.
- For the third month out of the last four, personal incomes rose 0.3%, and the Bureau of Economic Analysis said personal consumption rose at the same rate.

## Eye on the Week Ahead

Unemployment data will be of even more interest than usual as a potential indicator of any rebound--or lack thereof--from the effects of winter weather. A speech on Monday by Fed Chair Janet Yellen will be closely



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#### **Key Dates/Data Releases**

**4/1: Auto sales, ISM manufacturing report, construction spending**

**4/2: U.S. factory orders**

**4/3: Balance of trade, ISM services report, ECB announcement**

**4/4: Unemployment/payrolls**

watched for any follow-up on her "six months after tapering ends" remark about the potential timing of Fed interest rate changes. The European Central Bank also is scheduled to meet, and global investors will want to know whether any additional steps will be taken to fight less-than-desirable inflation. Additional data on manufacturing and services also is on tap.

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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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