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Market Week: October 12, 2009



October 13, 2009

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The Markets

Up, up, and away: After a two-week breather, equity indexes once again found new life. Back-to-back triple-digit increases kicked off the week and helped launch the Dow toward Friday's new high for the year, though it still trails the other major indexes. The S&P 500 put together a string of five straight up days, ending the week only a fraction of a point from its September 2009 high, while the Nasdaq held onto its lead year-to-date. Contributing to the euphoria were promising initial earnings reports from several companies as well as sales figures from some large retailers that improved over last year's dismal figures.

Market/Index	2008 Close	Prior Week	As of 10/9/09	Week Change	YTD Change
DJIA	8776.39	9487.67	9864.94	3.98%	12.40%
NASDAQ	1577.03	2048.11	2139.28	4.45%	35.65%
S&P 500	903.25	1025.21	1071.49	4.51%	18.63%
Russell 2000	499.45	580.20	614.92	5.98%	23.12%
Global Dow	1526.21	1832.87	1913.14	4.38%	25.35%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	2.24%	3.22%	3.38%	16 bps	114 bps

Last Week's Headlines

- More companies in the services sector grew than contracted in September, according to the Institute for Supply Management. For the first time in a year, the ISM's index edged over the crucial 50% level.
- The Reserve Bank of Australia raised hopes about economic recovery when it raised its key interest rate by 25 basis points to 3.25%. The surprise move also prompted questions about whether and how soon other countries might follow suit. However, both the European and British central banks left rates unchanged, and the Federal Reserve Bank has said the target U.S. rate is unlikely to go up in the near future.
- The U.S. dollar took a beating as gold hit an all-time intraday high amid speculative chatter (later denied) about oil-producing countries potentially conspiring to work toward pricing oil in a basket of currencies instead of the dollar.
- The U.S. trade deficit unexpectedly fell in August. The gap between exports and imports shrank 3.6% after three straight months of increases. Exports were up 0.2%, while imports dropped for the first time since May.
- Overall consumer credit shrank at an annual rate of 5.8% in August. Revolving credit, such as credit card balances, dropped even more (down 13% from last year).

Eye on the Week Ahead

Earnings season will pick up steam, providing increased clarity about whether or not this week's early reports were a good indicator of overall corporate health. The Commerce Department's retail sales statistics will be closely watched as an indicator of consumer spending. The Treasury-subsidized Public Private Investment Partnership (PPIP) will begin buying mortgage-backed toxic assets from banks and insurance companies.

Key data releases: Retail sales (10/14); inflation (10/15); overseas purchases of Treasury debt, industrial production, consumer sentiment (10/16).

Data source: Includes data provided by Brounes & Associates. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Past performance is no guarantee of future results.

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 2000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. Market indexes listed are unmanaged and are not available for direct investment.



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