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Market Week: January 21, 2014

The Markets

Domestic indices were mixed last week. The Nasdaq and Russell 2000 ended with slight gains, the Dow was basically flat, and the S&P 500 wound up with a slight loss after briefly returning to the level at which it started the year. The benchmark 10-year Treasury yield also saw a little dip.

Market/Index	2013 Close	Prior Week	As of 1/17	Weekly Change	YTD Change
DJIA	16576.66	16437.05	16458.56	.13%	-.71%
Nasdaq	4176.59	4174.66	4197.58	.55%	.50%
S&P 500	1848.36	1842.37	1838.70	-.20%	-.52%
Russell 2000	1163.64	1164.53	1168.43	.33%	.41%
Global Dow	2484.10	2475.98	2487.32	.46%	.13%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	3.04%	2.88%	2.84%	-4 bps	-20 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

- Slower auto sales didn't prevent overall retail sales from rising 0.2% in December, according to the Commerce Department. Excluding the 1.8% decline in auto sales, retail sales were up 0.7%.
- Driven by increases in the cost of housing and energy, consumer prices rose 0.3% in December, putting the inflation rate for the last 12 months at 1.5%. The Bureau of Labor Statistics said wholesale inflation also was up in December; the 0.4% monthly increase put the annual rate at 1.2%. However, both remain well below the level that would raise concerns at the Federal Reserve Board.
- There was good news about manufacturing from the Federal Reserve. The Empire State index showed accelerating growth and hit its highest reading in more than a year (12.5), while the Philly Fed index went from 6.4 to 9.4 and has now shown growth for eight straight months. The Fed's measure of industrial production also was positive. December's 0.3% increase--the fifth straight month of gains--put industrial production 3.7% ahead of the previous December and 0.9% higher than its pre-recession high of December 2007.
- Housing starts froze in December, according to the Commerce Department. However, the nearly 10% decline for the month still left them 1.6% ahead of December 2012, and the 923,400 housing starts for all of 2013 represented the highest annual total since 2007. Building permits--an indicator of future activity--also fell by 3% during the month but were 4.6% higher than a year earlier.



Key Dates/Data Releases

1/23: existing home sales,
leading economic indicators

- A federal appeals court voted to give providers of broadband internet services greater ability to charge content providers higher rates for faster service to their customers. The ruling overturned the FCC's so-called "net neutrality" regulations, but left open the possibility that the FCC could regulate service in other ways--for example, by classifying broadband as a telecommunications service, which would put it in the same category as telephones.
- The Federal Reserve's "beige book" reported continued moderate economic expansion in most districts.

Eye on the Week Ahead

With little fresh economic data available, investors may concentrate on the ongoing stream of earnings reports. The World Economic Forum at Davos also could produce some headlines.

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI Cushing, OK); www.goldprices.org (spot gold/silver); Oanda/FX Street (currency exchange rates). 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 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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