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Market Week: March 17, 2014

The Markets

Disappointing economic data across the board from China plus the escalating tug-of-war over Crimea helped send equities south last week. The S&P 500's decline put it back into negative territory for the year, while the instability in Ukraine sent investors scrambling for the relative security of U.S. Treasuries, sending the benchmark 10-year yield down as prices rose.

Market/Index	2013 Close	Prior Week	As of 3/14	Weekly Change	YTD Change
DJIA	16576.66	16452.72	16065.67	-2.35%	-3.08%
Nasdaq	4176.59	4336.22	4245.40	-2.09%	1.65%
S&P 500	1848.36	1878.04	1841.13	-1.97%	-.39%
Russell 2000	1163.64	1203.32	1181.41	-1.82%	1.53%
Global Dow	2484.10	2496.05	2428.58	-2.70%	-2.24%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	3.04%	2.80%	2.65%	-15 bps	-39 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

- Retail sales rose 0.3% in February, according to the Commerce Department, putting them 1.5% higher than in February 2013. The strongest gains were seen in sporting goods/hobby/music stores, which were up 2.5% for the month, nonstore retailers (up 1.2%), and health/personal care stores, also up 1.2%.
- Multiple signs that China's economic growth slowed in January and February raised concerns that demand for many emerging markets' exports could decline. Figures from the country's National Bureau of Statistics continued to show growth year-over-year; retail sales were up almost 12%, investments in fixed assets rose almost 18%, and industrial production was up 8.6%. However, all of those numbers were lower than in previous months, even after being adjusted for the impact of the Lunar New Year's vacation time. And sales of commercial buildings, which have helped fuel China's overheated economy in recent years, have fallen 3.7% since December.
- U.S. wholesale prices continued to give the Federal Reserve plenty of leeway to keep interest rates low. According to the Bureau of Labor Statistics, the wholesale inflation rate fell by 0.1% in February, its lowest level since last November. Most of the 0.3% decrease in prices for wholesale services was attributed to a 9.3% drop in margins for sales of clothing, footwear, and accessories. Demand for wholesale goods actually rose 0.4% during the month, led by a 0.9% increase in pharmaceutical prices.
- Shares of Fannie Mae and Freddie Mac plunged after bipartisan leaders of the Senate Banking Committee announced plans to phase out the mortgage giants, which have been operating under government conservatorship since the 2008 financial crisis. If adopted, the legislation would establish





Key Dates/Data Releases

3/17: Empire State manufacturing, international capital flows, industrial production

3/18: Consumer inflation, housing starts

3/19: Federal Open Market Committee announcement

3/20: Philadelphia Fed manufacturing, home resales

government-backed mortgage insurance administered by a new Federal Mortgage Insurance Corporation. Insurance payments would be triggered only after private lenders had suffered a loss of 10% or more on the loans involved. The measure also would require homeowners to put up at least a 5% down payment (3.5% for first-time buyers) to qualify for an FMIC loan, and would create a mechanism for standardizing mortgage-backed securities based on such loans.

Eye on the Week Ahead

Markets will assess Crimea's vote Sunday to secede from Ukraine, which could mean economic sanctions against Russia that could affect oil prices and threaten Europe's economic recovery. Wednesday's announcement by the Fed's monetary policy committee--its first guided by Janet Yellen--will be monitored for any shred of guidance on the timing of changes in the Fed's target interest rate.

Data sources: All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. News items are based on reports from multiple commonly available international news sources (i.e., wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. Market data: U.S. Treasury (Treasury yields); WSJ Market Data Center (equities); Federal Reserve Board (Fed Funds target rate); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI Cushing, OK); www.goldprice.org (spot gold, NY close); Oanda/FX Street (currency exchange rates). 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. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful.

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.

About WealthTrust - Arizona

WealthTrust - Arizona is a fee based investment advisory firm that specializes in integrating portfolio management with estate planning for high net worth individuals and families. Services include portfolio management, estate planning, asset and lifestyle preservation, taxation concerns, access to trust and estate documentation preparation, business succession planning and more. The professionals at WealthTrust - Arizona are frequently sought out by the national media such as The Wall Street Journal, Forbes, New York Times, CNBC, BloombergRadio, and others to share their thoughts on matters that impact our clients.

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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