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Market Week: May 19, 2014

The Markets

Equities were very much a mixed bag last week. After the Dow and S&P 500 set fresh all-time closing records early in the week, a strong downdraft on Thursday flattened out the S&P for the week and took the Dow back into negative territory year-to-date. The Nasdaq, which has suffered in recent months, saw a positive week, while the small-cap Russell 2000 ended the week down almost 9% from its March high. The pain in domestic equities left the Global Dow the year-to-date leader. Meanwhile, a rally in the 10-year Treasury sent the yield to its lowest level since last October.

Market/Index	2013 Close	Prior Week	As of 5/16	Weekly Change	YTD Change
DJIA	16576.66	16583.34	16491.31	-.55%	-.51%
Nasdaq	4176.59	4071.87	4090.59	.46%	-2.06%
S&P 500	1848.36	1878.48	1877.86	-.03%	1.60%
Russell 2000	1163.64	1107.22	1102.91	-.39%	-5.22%
Global Dow	2484.10	2520.55	2533.44	.51%	1.99%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	3.04%	2.62%	2.52%	-10 bps	-52 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

- After a strong surge in March, retail sales flattened out in April, rising just 0.1%. The Commerce Department said online sales, sales of electronics/appliances, and those at restaurants and bars all declined, while clothing, auto, and department store sales saw gains.
- Wholesale prices saw a sharp increase last month, rising at their fastest pace since September 2012. The Bureau of Labor Statistics said April's 0.6% increase followed a 0.5% jump in March, and was evenly distributed between goods and services. April's increase put wholesale inflation for the last 12 months at 2.1%.
- Consumer prices also increased in April at a rapid pace; the 0.3% increase was the biggest monthly jump since last June. A 2.3% increase in the cost of gas and a 0.4% increase in food (beef alone was 2.9% higher) were key. April's increase put the consumer inflation rate for the last 12 months at 2%, which is the level the Federal Reserve has informally targeted as appropriate.
- The Federal Reserve's manufacturing indexes were both positive in May. The reading on the Empire State index rebounded 18 points from a weak March, while the Philly Fed reading declined slightly but had its third consecutive positive month.





Key Dates/Data Releases

5/21: FOMC minutes

5/22: Home resales, start of European Union parliamentary elections

5/23: New home sales

- U.S. industrial production fell 0.6% in April after a 1% gain in both February and March. The Federal Reserve said milder weather cut the need for heat, which led to a 5.3% decline in utilities output, while mining production rose 1.4%. Use of total capacity at the nation's factories slid 0.7% and was 1.5% below its average over the last 40 years.
- Housing starts rose strongly in April, with a nearly 43% increase in apartment construction responsible for most of the gain. The Commerce Department said new starts were up 13.2% for the month, and were more than 26% higher than in April 2013. Building permits--an indicator of future activity--were up 8% from March and were almost 4% higher than a year earlier.
- The eurozone economy grew 0.2% during Q1, roughly the same pace as the previous quarter, while the 0.3% growth in the 28-member European Union was slightly less than the 0.4% of Q4 2013. The strongest growth was in Germany, Hungary, Poland, and the United Kingdom. The Q1 figure meant that the eurozone grew 0.9% (1.4% for the EU) compared to the same quarter a year earlier. Meanwhile, the official EU statistical office said the inflation rate rose slightly in both areas, to 0.7% in the eurozone and 0.8% for the EU. Though both inflation rates were an improvement, they were still far below those of the previous year, and the annualized rate for seven countries was negative.

Eye on the Week Ahead

In a week that's light on economic data, minutes of the most recent Fed meeting, a report on Chinese manufacturing, and housing market statistics could receive more-than-usual interest.

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.goldprice.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.

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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