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Market Week: June 2, 2014

The Markets

Equities took a downward revision to the U.S. GDP figure in stride; the Nasdaq continued to rebound while the S&P 500 and Dow industrials both hit new all-time closing highs. The recent rally in bonds continued as the benchmark 10-year Treasury yield hit its lowest level since last June. And after bouncing around for several weeks on either side of \$1,300, the price of gold plummeted almost \$50 an ounce last week, leaving it at roughly \$1,245 an ounce and down almost 10% since spiking in mid-March.

Market/Index	2013 Close	Prior Week	As of 5/30	Weekly Change	YTD Change
DJIA	16576.66	16606.27	16717.17	.67%	.85%
Nasdaq	4176.59	4185.81	4242.62	1.36%	1.58%
S&P 500	1848.36	1900.53	1923.57	1.21%	4.07%
Russell 2000	1163.64	1126.19	1134.50	.74%	-2.50%
Global Dow	2484.10	2550.46	2564.35	.54%	3.23%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	3.04%	2.54%	2.48%	-6 bps	-56 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

- Rather than stalling, as previously estimated, the U.S. economy actually contracted at an annualized rate of 1% during 2014's first quarter. The Bureau of Economic Analysis said businesses' investment in building up inventories was lower than previously estimated and was a major factor in the downward revision of its GDP estimate, which was widely expected to be disappointing. It was the weakest growth rate in three years. Consumer spending was up 3.1%, but couldn't offset the cost of higher imports and declines in capital investments and spending by state and local governments.
- Durable goods orders rose 0.8% in April--the third straight monthly increase. The Census Bureau said the 2.3% increase in defense-related spending on transportation equipment was the most significant factor; business spending on capital equipment was down 1% for the month.
- Home prices were up 0.9% in the 20 cities measured by the S&P/Case-Shiller 20-City Composite Index for March.
- After a strong March, consumer spending slid 0.1% in April; the Commerce Department said it was the first monthly decline in a year. However, at least part of the decline was the result of lower heating costs as winter finally wound down. Personal income rose 0.3%, but that was the smallest monthly gain so far in 2014. However, coupled with the decline in spending, that allowed people to save more; the savings rate for individuals was 4% compared to March's 3.6%.
- The average rate for a 30-year fixed-rate mortgage fell to 4.12% last week. Mortgage giant Freddie Mac said that's the lowest it's been since last October; however, it's still higher than last May's 3.81%.





Key Dates/Data Releases

6/2: Construction spending, ISM manufacturing report

6/3: Auto sales, factory orders

6/4: Balance of trade, business productivity, ISM services report, Fed "beige book" report

6/5: European Central Bank meeting

6/6: Unemployment/payrolls

Mortgage rates have been cited as one reason for recent sluggishness in the housing market's recovery.

Eye on the Week Ahead

As always, unemployment numbers will be of interest, as will Institute for Supply Management reports on both the manufacturing and services sectors. Investors also will watch to see whether the European Central Bank follows through on hints it might adopt measures to stimulate the economy there.

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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