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Market Week: June 30, 2014

The Markets

Domestic equities seemed to shrug off a massive downward revision to first-quarter GDP and mostly ended the week flat. Though the Nasdaq's gain was slight, it was the sixth positive week out of the last seven. Meanwhile, the benchmark 10-year Treasury yield remained low as demand from bond investors continued to support prices.

Market/Index	2013 Close	Prior Week	As of 6/27	Weekly Change	YTD Change
DJIA	16576.66	16947.08	16851.84	-.56%	1.66%
Nasdaq	4176.59	4368.04	4397.93	.68%	5.30%
S&P 500	1848.36	1962.87	1960.97	-.10%	6.09%
Russell 2000	1163.64	1188.42	1189.49	.09%	2.22%
Global Dow	2484.10	2617.86	2603.77	-.54%	4.82%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	3.04%	2.63%	2.54%	-9 bps	-50 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

- The U.S. economy contracted at a much faster pace in Q1 than anticipated, falling 2.9% (not the 1% recently estimated). The Bureau of Economic Analysis said its unusually steep downward revision of gross domestic product was caused not only by winter weather but also by exports and health-care spending that were both lower than previously thought.
- The housing market rebounded strongly in May from its winter slump. According to the Commerce Department, sales of new single-family homes leaped 18.6% in May and were almost 17% better than a year earlier. Also, the National Association of Realtors® said the 4.9% increase in resales of existing homes was the biggest monthly gain in nearly three years. However, the NAR also said existing home sales were 5% lower and the number of unsold homes was 6% higher than in May 2013.
- Data on April home prices also was mixed. Cities in the S&P/Case-Shiller 20-City Composite Index averaged a 1.1% gain in April, for a gain of almost 11% since last April. Boston saw its biggest monthly gain in the index's 27-year history, and San Francisco had its sixth straight price increase. However, seven cities reported a decline since March, and S&P said year-over-year price gains had begun to slow.
- U.S. incomes rose faster than personal consumption in May; according to the Bureau of Economic Analysis, incomes were up 0.4%, while spending rose 0.2%. Even after adjusting for inflation, incomes were up 0.2% for the second straight month. The bad news? That 0.2% increase in personal consumption expenditures--a key inflation gauge for the Fed--resulted in the biggest 12-month gain since October 2012; further increases could mean inflationary pressure that might affect interest rates.





Key Dates/Data Releases

6/30: Dallas Fed manufacturing survey

7/1: Auto sales, ISM manufacturing report, construction spending

7/2: U.S. factory orders

7/3: Unemployment/payrolls, balance of trade, ISM services report, European Central Bank meeting

- The European Union formalized a trade agreement with Ukraine, Georgia, and Moldova--the agreement whose rejection by the former Ukrainian president led to subsequent protests and ultimately Russia's annexation of Crimea. Shortly thereafter, European leaders told Russia it had until Monday evening to persuade rebels in Ukraine to respect a cease-fire or face further EU economic sanctions.
- Durable goods orders fell 1% in May after three strong months. However, the Commerce Department said most of the decline was caused by a 31% drop in defense spending on equipment. Other than defense, new orders were up 0.6%.

Eye on the Week Ahead

In a holiday-shortened week, trading volumes are likely to continue to be light. Manufacturing data may suggest whether recent improvements can be sustained. The European Central Bank is scheduled to report on Thursday, but last month's decision to adopt a negative interest rate likely precludes much immediate change in policy. And as always, the jobs report, issued a day early, will be watched.

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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