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# Market Week: July 7, 2014



## The Markets

After generally positive economic data once again suggested that the economy really did begin to rebound this spring, the Dow industrials surpassed 17,000 for the first time, while the S&P 500 hit three new all-time records during the week. And as investors embraced stocks, worries about the potential impact of a strong economy on potential Fed rate increases also sent the benchmark 10-year Treasury yield up and the price down.

Market/Index	2013 Close	Prior Week	As of 7/4	Weekly Change	YTD Change
<b>DJIA</b>	16576.66	16851.84	17068.26	1.28%	2.97%
<b>Nasdaq</b>	4176.59	4397.93	4485.93	2.00%	7.41%
<b>S&amp;P 500</b>	1848.36	1960.97	1985.44	1.25%	7.42%
<b>Russell 2000</b>	1163.64	1189.49	1208.15	1.57%	3.83%
<b>Global Dow</b>	2484.10	2603.77	2638.59	1.34%	6.22%
<b>Fed. Funds</b>	.25%	.25%	.25%	0 bps	0 bps
<b>10-year Treasuries</b>	3.04%	2.54%	2.65%	11 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

- The unemployment rate fell to 6.1% in June; that's 1.4% lower than a year earlier and the lowest level in almost six years. The economy added 288,000 new jobs during the month, higher than the 272,000 monthly average since March. The data, coupled with upward revisions to payroll figures for April and May, suggested possible acceleration in job growth. The Bureau of Labor Statistics said the widespread job gains were led by professional/business services, retail, restaurants/bars, and health care.
- A 2% increase in new orders placed with U.S. manufacturers put orders at their highest level since late 2013. Even though the Institute for Supply Management's index showed that manufacturing growth didn't accelerate in June, it still remained at a healthy 55.3% reading (any number above 50 represents expansion). The ISM's measure of the services sector also showed slightly slower growth than the previous month, though the reading remained at a robust 56.3%.
- After three straight monthly increases, new orders for U.S. manufactured goods slipped 0.5% in May, though most of the decline was in the volatile transportation sector. The Commerce Department also said inventories were at their highest level on record and have increased 18 of the last 19 months.
- Commercial construction spending rose 1.1% in May, but the Commerce Department said that was largely offset by a 1.4% drop in the value of new home projects. The 0.1% overall increase in construction spending was weaker than April's 0.8% gain, but the annual rate was 6.6% higher than a year ago.



**Key Dates/Data Releases**  
**7/9: Federal Open Market**  
**Committee minutes**

- As expected, the European Central Bank left two key interest rates unchanged, hoping that measures taken last month will be enough to help stimulate the economy.
- Higher auto-related exports and less spending on imported oil and consumer goods helped cut the U.S. trade deficit by 5.5% in May to \$44.4 billion, according to the Bureau of Economic Analysis.
- The U.S. Supreme Court ruled that closely held, for-profit companies can choose to opt out of a provision of the Affordable Care Act that requires that employees' insurance include coverage for birth control. The court also ruled that workers who aren't full-fledged public employees cannot be required to pay fees to a union even if they benefit from its collective bargaining efforts.
- Two separate assessments suggested that China's sluggish manufacturing sector may be rebounding. The reading on the Chinese government's purchasing managers' index nudged up slightly to 51 in May. Meanwhile, HSBC/Markit's Manufacturing PMI was basically flat but stayed in expansion territory, apparently responding to small steps taken by the government to stimulate economic growth.

## Eye on the Week Ahead

In a week that's light on fresh economic reports, investors may begin to focus on the Q2 earnings season, which has its unofficial start on Tuesday when Alcoa reports. Minutes of the most recent Federal Open Market Committee meeting could shed new light on the debate over whether the Fed should be concerned yet about inflation.

*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.*

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## 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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