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Market Week: August 11, 2014



The Markets

Investor indecision about the future of equities prices, coupled with light summer trading volumes, led to volatility across the board last week. Friday's 186-point rally gave the Dow some relief after two down weeks, though not enough to nudge the index into positive territory for the year. The small caps of the Russell 2000 had their strongest week since early July, though they also remained down year-to-date. Meanwhile, geopolitical tensions increased demand for the relative security of the benchmark 10-year Treasury bond, sending its yield down. However, riskier high-yield bonds saw some selling pressure.

Market/Index	2013 Close	Prior Week	As of 8/8	Weekly Change	YTD Change
DJIA	16576.66	16493.37	16553.93	.37%	-.14%
Nasdaq	4176.59	4352.64	4370.90	.42%	4.65%
S&P 500	1848.36	1925.15	1931.59	.33%	4.50%
Russell 2000	1163.64	1114.86	1131.35	1.48%	-2.77%
Global Dow	2484.10	2561.22	2532.94	-1.10%	1.97%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	3.04%	2.52%	2.44%	-8 bps	-60 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

- Growth in the U.S. services sector accelerated in July. The Institute for Supply Management's gauge of activity in service industries rose 2.7% to 58.7%--its highest level since the index was launched in 2008.
- New orders at U.S. manufacturers were up 1.1% in June. The Commerce Department said the gain boosted factory orders to their highest level since record-keeping began in 1992 and that June was the fourth month of the last five to see an increase.
- A drop in oil imports helped cut the U.S. trade deficit by 7% in June, according to the Commerce Department. U.S. exports rose 0.1% to their highest level on record, while imports dropped 1.2%.
- Italy's economy fell back into recession, falling 0.2% in Q2; it was the second consecutive quarterly contraction. The GDP of the eurozone's third largest economy also was down 0.3% from the same quarter a year earlier.
- In retaliation for new European Union and U.S. economic sanctions, Russia imposed a one-year ban on a variety of food imports and said it's considering prohibiting EU and U.S. flights from Russian airspace over Siberia.
- As expected, the European Central Bank left key interest rates unchanged. President Mario Draghi said measures already adopted are having an effect and that it was too early to assess the potential impact of Russia's ban on European food imports.



Key Dates/Data Releases

8/13: Retail sales

8/15: Wholesale inflation,
industrial production,
Empire State manufacturing
survey, options expiration

- Eleven of the largest U.S. banks must rewrite their proposed plans for handling a potential bankruptcy. The Federal Reserve and Federal Deposit Insurance Corp. said the plans contained "no credible or clear path" to achieve an orderly failure and avert any need for the type of bailouts provided during the 2008 financial crisis. The banks have until July 2015 to submit revised so-called "living wills."
- Fair Isaac Corp. said it will change the way it calculates credit scores, underweighting unpaid medical bills and excluding overdue bills that are subsequently paid or settled with a collection agency. The changes could make it easier to get credit.

Eye on the Week Ahead

With the Q2 earnings season winding down, retail sales and wholesale inflation data will vie with global conflicts for investor attention. Speeches by two members of the Fed's monetary policy committee are likely to review the arguments for and against accelerating an interest rate hike. Finally, options expiration at week's end plus trading volumes that are likely to remain relatively low could mean additional volatility.

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.

Please visit us at <http://www.wealthtrust-arizona.com>

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