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Market Week: August 18, 2014

The Markets

Last week domestic equities managed to build on the gains of the week before. The Dow industrials finally returned to positive territory for the year, and the Nasdaq had the kind of weekly gain it hasn't seen since late May. Meanwhile, geopolitical tensions helped spur interest in the relative safety of the benchmark 10-year Treasury, cutting the yield to its lowest level since June 2013.

Market/Index	2013 Close	Prior Week	As of 8/15	Weekly Change	YTD Change
DJIA	16576.66	16553.93	16662.91	.66%	.52%
Nasdaq	4176.59	4370.90	4464.93	2.15%	6.90%
S&P 500	1848.36	1931.59	1955.06	1.22%	5.77%
Russell 2000	1163.64	1131.35	1141.65	.91%	-1.89%
Global Dow	2484.10	2532.94	2575.60	1.68%	3.68%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	3.04%	2.44%	2.34%	-10 bps	-70 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

- Auto and department store sales declined in July, while grocery stores, gas stations, restaurants, clothing stores, and building supply stores all saw gains. That left total retail sales essentially flat for the month, though the Commerce Department said they were up nearly 4% from a year earlier.
- Wholesale prices rose 0.1% in July, according to the Bureau of Labor Statistics. That was slightly less than June's 0.4% increase, and cut the annual wholesale inflation rate for the last 12 months to 1.7% from June's 1.9%. The biggest monthly increases were seen in transportation and warehousing, which were up 0.5%, while wholesale food costs rose 0.4% and energy prices fell 0.6%.
- Led by a 10.1% increase in auto manufacturing, U.S. industrial production rose 0.4% in July, according to the Federal Reserve. The overall increase represented the sixth straight monthly gain. Even aside from the surge in autos, production was up 0.2%, and the percentage of the nation's manufacturing capacity that's being used rose to 79.2%.
- After the Fed's Empire State manufacturing survey hit a four-year high, the August report showed that improvement had slowed substantially as the reading fell 11 points to 14.7.
- Sluggish economic recovery in the 18-member eurozone stalled completely during Q2 as growth fell from 0.2% in Q1 to 0. More worrisome was the -0.2% decline in both the German and Italian economies, which are two of the tentpoles of the region's economy. The larger 28-member European Union saw a 0.2% increase in gross domestic product, and the official EU statistics agency said GDP had risen in both areas compared to a year earlier (0.7% for the eurozone and 1.2% for the EU).





Key Dates/Data Releases

8/19: Consumer inflation, housing starts

8/20: FOMC minutes

8/21: Home resales, Philadelphia Fed manufacturing survey, leading economic indicators

8/23: End of Federal Reserve's Jackson Hole conference

Eye on the Week Ahead

Speeches at the Fed's annual Jackson Hole conference could influence markets given the internal debate over the timing of interest rate hikes. Investors will continue to monitor the situations in Ukraine, Gaza, and Iraq, and housing and consumer inflation data also are on tap.

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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