



WealthTrust - Arizona
 8434 E Shea Blvd
 Scottsdale, AZ 85260
 480-483-7300
 info@wealthtrust-arizona.com
 www.wealthtrust-arizona.com



Market Week: August 25, 2014



The Markets

A horrific week around the globe did little to discourage investors--that is, the few who were actually trading. The Nasdaq reached a level it hadn't seen since March 2000, the S&P 500 had its 28th record close of the year, and the Dow industrials' gains took the index above 17,000 once again. The Russell 2000, which has struggled much of the summer, came within a hair of returning to positive territory year-to-date. Meanwhile, the benchmark 10-year Treasury yield rose as demand fell.

Market/Index	2013 Close	Prior Week	As of 8/22	Weekly Change	YTD Change
DJIA	16576.66	16662.91	17001.22	2.03%	2.56%
Nasdaq	4176.59	4464.93	4538.55	1.65%	8.67%
S&P 500	1848.36	1955.06	1988.40	1.71%	7.58%
Russell 2000	1163.64	1141.65	1160.34	1.64%	-.28%
Global Dow	2484.10	2575.60	2606.33	1.19%	4.92%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	3.04%	2.34%	2.40%	6 bps	-64 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

- Minutes of the most recent meeting of the Fed's monetary policy committee showed intensified debate over whether to accelerate an increase in interest rates once the Fed's bond-buying program ends. However, Fed Chair Janet Yellen's speech at the annual Jackson Hole gathering shed little light on how that debate might be resolved, focusing instead on the slack that still remains in the labor market.
- Increases in the cost of food and shelter in July were partly offset by lower airline fares and the first decline in the cost of energy since March. That left the Consumer Price Index up 0.1% for the month--the smallest monthly increase since February, according to the Bureau of Labor Statistics.
- Housing starts leaped 15.7% in July; that meant they were up 21.7% from last July, according to the Commerce Department. Building permits--an indicator of future activity--also were up 8.1% for the month.
- There also was some good news about sales of existing homes. The National Association of Realtors® said July's 2.4% gain was the fourth straight monthly increase, though sales were still 4.3% lower than a year earlier. Foreclosures and short sales represented 9% of all sales--far below the 15% of July 2013, and the first time since October 2008 that the percentage has been in the single digits.
- The Philly Fed's August manufacturing survey showed a strong increase, rising to 28 from 23.9 in July. It was the third straight month of gains and the highest reading since March 2011. However, growth in new orders and shipments fell slightly.



Key Dates/Data Releases

8/25: New home sales

8/26: Durable goods orders, home prices

8/28: Q2 GDP (revised estimate)

8/29: Personal income/spending

- The Conference Board's index of leading economic indicators saw sharp improvement in July. The 0.9% increase was helped by gains in building permits, financial markets, and employment.
- Bank of America will pay \$16.65 billion to settle accusations by the Justice Department, Securities and Exchange Commission, several states, and other governmental agencies that it deliberately misrepresented mortgage-backed securities that were backed by home loans that subsequently went bad. The settlement is reportedly the largest to result from government investigations into bank practices that led up to the 2008 financial crisis. Under the agreement, \$7 billion of the money will be used to help modify borrowers who are underwater on home loans and deal with abandoned properties.

Eye on the Week Ahead

As the release of Q2 earnings reports winds to a close, the GDP number for Q2 will be watched to see if the robust 4% initial estimate is revised downward. Home prices and durable goods orders will have to contend with end-of-summer activities for traders' attention.

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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