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# Market Week: September 22, 2014

## The Markets

Whether it was Fed-induced relief, anticipation of one of the world's largest IPOs, or anticipation of the tech world's largest iPhone ever (so far), something put equities investors back in a record-setting mood once again last week--at least those who were interested in large-cap stocks. The S&P 500 and Dow industrials hit their 34th and 18th all-time record highs of 2014 respectively, while the Nasdaq was basically flat and the small caps of the Russell 2000 saw a loss.

Market/Index	2013 Close	Prior Week	As of 9/19	Weekly Change	YTD Change
<b>DJIA</b>	16576.66	16987.51	17279.74	1.72%	4.24%
<b>Nasdaq</b>	4176.59	4567.60	4579.79	.27%	9.65%
<b>S&amp;P 500</b>	1848.36	1985.54	2010.40	1.25%	8.77%
<b>Russell 2000</b>	1163.64	1160.61	1146.92	-1.18%	-1.44%
<b>Global Dow</b>	2484.10	2593.43	2605.20	.45%	4.88%
<b>Fed. Funds</b>	.25%	.25%	.25%	0%	0%
<b>10-year Treasuries</b>	3.04%	2.62%	2.59%	-3 bps	-45 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 Federal Reserve's monetary policy committee reaffirmed its "considerable time" estimate for starting to raise interest rates once its bond-buying program ends in October (absent any economic surprises). However, increases could be steeper than previously thought. A majority of members expect the Fed funds interest rate (the rate at which banks lend to one another) to rise to almost 1.4% by the end of next year, almost 2.9% by December 2016, and 3.75% a year later. Only three months ago, the 2015 and 2016 rate forecasts were 1.125% and 2.5%. The Fed also will keep reinvesting the proceeds of its existing holdings until rates begin to rise, and will begin to test using so-called reverse repo agreements (essentially a type of money-market instrument) as part of its strategy for raising rates.
- Falling energy costs in August, including gas prices, more than offset higher prices for food and shelter, leaving the consumer inflation rate down 0.2% for the month. According to the Bureau of Labor Statistics, that left the CPI-U index up only 1.7% for the last 12 months--well within the Federal Reserve's target range. Meanwhile, the BLS said final-stage wholesale prices remained essentially flat for the month, with a 1.8% inflation rate for the last year.
- As the summer wound down in August, housing starts and building permits slowed but remained higher than the previous summer. The Commerce Department said housing starts were down 14.4% for the month but were 8% higher than in August 2013, while despite a 5.6% decline in August, building permits were 5.3% higher than a year earlier.





### Key Dates/Data Releases

9/22: Home resales

9/24: New home sales

9/25: Durable goods orders

9/26: Q2 GDP (final)

- U.S. manufacturing data was mixed. While the Philly Fed index continued to show growth, the pace retreated a bit from its three-year high of the previous month, slipping from 28% to 22.5%. Also, the Fed's gauge of industrial production nudged downward 0.1% in August--the first decline since January--and its July gains were revised downward. However, the Fed's Empire State index rose to its highest level since October 2009, going to 27.5% from 14.7%.
- The Conference Board's index of leading economic indicators continued to rise in August, though the 0.2% increase represented a more sluggish pace than during the previous two months. The Conference Board said housing permits and business spending on capital equipment held back the index.
- (Still) a united kingdom: Scotland voted to remain part of the UK. After an initial relief rally, the British pound saw a post-vote pullback that left it little changed from before Thursday's election.
- Economic data from China showed slowing in some key areas of the country's economy. Though industrial production was up 6.9% in August from a year ago, that was down substantially from July's 9% increase. Also, housing sales were down nearly 11% since the beginning of the year. However, interest in Chinese economic data paled in comparison to the attention paid to the IPO of Alibaba, reportedly one of the world's largest ever.

### Eye on the Week Ahead

With the Fed meeting, the Scottish independence vote, and Alibaba's IPO now in the rear-view mirror, housing stats plus the final Q2 GDP number will give investors some economic data to focus on.

*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.

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

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