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Market Week: September 8, 2014

The Markets

Amid a flood of mostly positive economic data and what at first blush appears to be good news from Ukraine, nearly all market sectors finished the short week in positive territory. Even surprises from the European Central Bank and Friday's jobs numbers seemed to have minimal impact on investors, as the S&P 500 continued its record-breaking run.

Market/Index	2013 Close	Prior Week	As of 9/5	Weekly Change	YTD Change
DJIA	16576.66	17098.45	17137.36	.23%	3.38%
Nasdaq	4176.59	4580.27	4582.90	.06%	9.73%
S&P 500	1848.36	2003.37	2007.71	.22%	8.62%
Russell 2000	1163.64	1174.35	1170.13	-.36%	.56%
Global Dow	2484.10	2618.91	2631.64	.49%	5.94%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	3.04%	2.35%	2.46%	11 bps	-58 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 manufacturing sector reported its strongest economic reading since March 2011. The Institute for Supply Management's Purchasing Managers Index (PMI) came in at 59% for August, up 1.9 points from July's reading of 57.1%. Part of the increase was due to record levels in the New Orders Index, which registered its highest reading in more than a decade.
- The positive results in new orders was echoed by the U.S. Census Bureau, which reported that new orders for manufactured goods rose by a record-setting 10.5% in July, the highest reported increase in 22 years. Manufactured goods orders have risen in five of the last six months. Shipments, unfulfilled orders, and inventories also hit record levels. Transportation equipment saw a 74.1% increase, and was the reason for the unprecedented rise. Excluding transportation, new orders actually fell by 0.8%.
- New records were also reported in auto sales, as manufacturers noted sales of nearly 1.6 million cars and trucks in August. Sales are on pace to reach 17.5 million this year, a level not seen since July 2006. Industry observers said that much of the increase was due to low interest rates and other incentives.
- Construction rose by 1.8% in July to a seasonally adjusted annual rate of \$981.3 billion, according to the U.S. Census Bureau. The figure is 8.2% higher than a year earlier. Through July, construction spending totaled \$535.4 billion, nearly 8% higher than the \$496.3 billion spent during the same time frame in 2013. Growth was led by nonresidential private construction and public construction, particularly highways.





Key Dates/Data Releases

9/9: JOLTS job turnover report

9/12: Retail sales

- The Federal Reserve's beige book report was generally favorable, stating that economic activity had expanded since the previous report and noting that "none of the Districts pointed to a distinct shift in the overall pace of growth." Notable areas of growth included consumer spending, auto sales, and tourism.
- The Commerce Department announced that the trade deficit shrank to \$40.5 billion in July, down from \$40.8 billion in June. Exports rose by \$1.8 billion, while imports rose by \$1.5 billion.
- The European Central Bank (ECB) surprised observers Thursday with the announcement that it would cut all interest rates, and launch programs to buy asset-backed securities and euro-denominated covered bonds. Details surrounding the new programs will be provided at the ECB's October meeting. In announcing the moves, ECB President Mario Draghi said, "These decisions will add to the range of monetary policy measures taken over recent months," adding that they reflect significant differences in monetary policy cycle among the eurozone's major advanced economies. He also noted that the moves will "support the provision of credit to the broader economy."
- Labor productivity (output per hour) rose 2.3% during the second quarter of 2014, while the costs of labor edged down 0.1%. During the quarter, hours worked rose 2.6% and output increased 5%. Productivity increased 1.1% from second quarter 2013 to second quarter 2014. Unit labor costs increased 1.7% over the previous four quarters.
- After months of positive news, the Labor Department reported disappointing job growth for August, and revised figures downward for earlier this summer. Despite an unemployment rate that continued to decline--down to 6.1% in August from July's 6.2%--nonfarm jobs rose by just 142,000 in August. For the previous 12 months, nonfarm payrolls increased by 212,000, on average. After accounting for revisions in both June and July, the total number of added jobs in those months was 28,000 less than previously reported.
- Ukraine and pro-Russian rebels signed a truce that took effect Friday evening, local time, in what observers hope will be the beginning of the end of the five-month conflict. Friday also brought news of a new "spearhead" force of several thousand land troops agreed to by NATO allies to address growing threats in the Middle East and other areas, if needed.

Eye on the Week Ahead

In a week that promises minimal influence in the way of economic data, investors may be watching events abroad, particularly to see whether the Ukrainian cease-fire agreement holds.

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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