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### MARKET WEEK: OCTOBER 1, 2012

#### The Markets

As investors reviewed mixed U.S. economic data and waited for news on Spain's financial stability, equities fell for the second straight week. The anxiety helped boost U.S. Treasury prices once again.

Market/Index	2011 Close	Prior Week	As of 9/28	Week Change	YTD Change
DJIA	12217.56	13579.47	13437.13	-1.05%	9.98%
Nasdaq	2605.15	3179.96	3116.23	-2.00%	19.62%
S&P 500	1257.60	1460.15	1440.67	-1.33%	14.56%
Russell 2000	740.92	855.54	837.45	-2.11%	13.03%
Global Dow	1801.60	1973.65	1921.70	-2.63%	6.67%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	1.89%	1.77%	1.65%	-12 bps	-24 bps

Equities data reflect price changes, not total return.

#### Last Week's Headlines

The rate of U.S. economic growth continued to slow in the second quarter. The Commerce Department's final estimate of Q2 GDP was 1.3%; that's less than the 1.7% previously estimated and lower than Q1's 2% rate. The Commerce Department said lower crop yields caused by the severe summer drought in the Midwest were a major factor in the downward revision. Corporate profits after tax were down 0.4% after a 6.7% increase in Q1, but were up 14.5% from a

year earlier.

Home prices were up 1.6% in July and were 1.2% higher than in July 2011, putting them at their highest level in nearly two years. It was the third straight month in which all cities measured by the S&P/Case-Shiller 20-city index saw increases, and 16 of those cities also were up from last year.

Meanwhile, August sales of new single-family homes fell 0.3% during the month, the Commerce Department said, though they were still almost 28% higher than a year ago. The median home price--\$256,900--was the highest it's been since March 2007 and 17% higher than last August.

Half of the 14 Spanish banks that underwent stress tests to determine their stability could need as much as €59 billion in fresh capital, while the other half (which represent roughly 62% of all 14 banks' total credit obligations) are okay. The Spanish government also unveiled a budget that includes new tax increases and austerity measures, which set off a fresh round of protests.

Americans spent more in August, but they cut back on savings to do so. According to the Commerce Department, personal spending was up 0.5% during the month, but because incomes were up only 0.1% (and down 0.3% after taxes), the savings rate fell to 3.7% from 4.1%. Meanwhile, the Bureau of Labor Statistics' yearly snapshot of consumer expenditures showed consumer spending up 3.3% last year. It was the first yearly increase in three years (though the 3.2% increase in consumer prices might account for much of it), and the average income before taxes was up 1.9% to \$63,685.

Plummeting sales of commercial aircraft helped cut orders for durable goods--those intended to last at least three years--by 13.2% in August, according to the Commerce Department. That was the largest decline since January 2009. However, excluding the nearly 35% drop in transportation-related equipment, new orders were down only 1.6%.

## Eye on the Week Ahead

As the final quarter of 2012 kicks off and the days to the November election tick down, unemployment data will be even more closely watched than usual. Minutes of the discussion that led up to the Federal Reserve's QE3 decision also will be of interest. Finally, global investors will wait to hear whether Spain's new budget and banking report will affect its credit rating or the likelihood of a request for financial assistance.

Key dates and data releases: U.S. manufacturing, construction spending (10/1); auto sales (10/2); U.S. services sector (10/3); U.S. factory orders, FOMC minutes (10/4); unemployment/payrolls (10/5).

*Data sources: Includes data provided by Brounes & Associates. 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 2000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. Market indexes listed are unmanaged and are not available for direct investment.*

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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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