



## WealthTrust - Arizona

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### MARKET WEEK: MARCH 4, 2013

#### The Markets

Sequester? What sequester? After a dismal Monday, domestic equities spent the week recovering to end the week not far from where they started. The Dow managed to rise above 14,000 yet again and was only half a percentage point from its October 2007 all-time high. The S&P 500 wasn't far behind; by week's end it was less than 3% away from its pre-2008 top. The interest in equities pushed the 10-year Treasury yield down for a second week.

Market/Index	2012 Close	Prior Week	As of 3/1	Week Change	YTD Change
<b>DJIA</b>	13104.14	14000.57	14089.66	.64%	7.52%
<b>Nasdaq</b>	3019.51	3161.82	3169.74	.25%	4.98%
<b>S&amp;P 500</b>	1426.19	1515.60	1518.20	.17%	6.45%
<b>Russell 2000</b>	849.35	916.15	914.73	-.15%	7.70%
<b>Global Dow</b>	1995.96	2086.49	2080.15	-.30%	4.22%
<b>Fed. Funds</b>	.25%	.25%	.25%	0 bps	0 bps
<b>10-year Treasuries</b>	1.78%	1.97%	1.86%	-11 bps	8 bps

Equities data reflect price changes, not total return.

#### Last Week's Headlines

U.S. economic growth for the fourth quarter of 2012 wasn't as bad as the Commerce Department's initial estimate. The revised estimate showed annual gross domestic product up 0.1% rather than down by that amount; the final figure will be announced in April. The number is still dramatically lower than the previous quarter's 3.1%. Lower defense spending, local and state government cutbacks, and reduced inventories and exports offset increased home

construction and consumer spending.

A nearly 20% reduction in defense spending on aircraft was partly responsible for January's 5.2% decline in new orders for durable goods--the first decrease in five months. The Commerce Department said non-transportation orders were up 1.9%. There also was a slight decline in business spending on capital equipment.

Home prices in the 20 cities measured by the S&P/Case-Shiller index were up in December; the 0.2% increase made 2012's 6.8% gain the best calendar-year growth since 2005, though the average price nationally is still almost 30% below its 2006 peak. And sales of new homes soared 15.6% in January; the Commerce Department said sales were at their highest level since July 2008 and almost 29% higher than a year earlier. However, high sales of lower-priced homes helped push the Commerce Department's January median sale price down more than 9% to \$226,400.

Personal incomes fell 3.6% in January; tax-related accelerated payments of dividends and bonuses had temporarily pushed incomes up in December, which accounted for part of the decrease. The Commerce Department said that adjusted for inflation, real disposable personal income was down 4%. The decline didn't seem to affect consumer spending; personal expenditures rose 0.2%, though subtracting price increases would cut that figure in half. The change in income helped cut the nation's savings rate from December's 6.4% to 2.4% in January.

U.S. manufacturers saw expansion for the third month in a row as the Institute for Supply Management's index rose in February to 54.2 (any number over 50 represents growth).

The defeat of Italian Prime Minister and austerity advocate Mario Monti raised questions about how the political parties of Europe's third largest economy will form a functional coalition government, or whether parliamentary gridlock might require new elections.

## Eye on the Week Ahead

February's unemployment number--the last pre-sequester report--will be of more than usual interest as budget cuts start to be implemented. In addition to manufacturing data and the Fed's anecdotal report on the economy, the issue of financing federal government operations past the March 27 expiration of the current funding bill may start to get attention.

Key dates and data releases: U.S. services sector (3/5); factory orders, Fed "beige book" report (3/6); business productivity, international trade (3/7); unemployment/payrolls (3/8).

*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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