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MARKET WEEK: APRIL 9, 2012

The Markets

Short but hardly sweet: A disappointing bond auction in Spain and lowered expectations for new Federal Reserve easing gave investors a reason to take some equity gains off the table and return to intermediate- and long-term Treasuries during last week's holiday-shortened trading. The Nasdaq's recent string of successes was punctuated by Wednesday's 45-point drop--its worst day this year--though it managed to remain above 3,000. The Dow had 2012's second triple-digit daily loss, while the small-cap Russell 2000 struggled nearly as much as the Global Dow, which was hit by anxiety over the Spanish auction. Commodities, which had benefitted from economic optimism and the Fed's bond-buying, also were hit. Oil dipped to just over \$101 a barrel, though it recovered some of those losses by week's end, while gold plummeted 2.4% to end the week down roughly \$40 an ounce.

Market/Index	2011 Close	Prior Week	As of 4/5*	Week Change	YTD Change
DJIA	12217.56	13212.04	13059.39	-1.16%	6.89%
Nasdaq	2605.15	3091.57	3080.50	-.36%	18.25%
S&P 500	1257.60	1408.47	1397.99	-.74%	11.16%
Russell 2000	740.92	830.30	818.18	-1.46%	10.43%
Global Dow	1801.60	1998.88	1950.61	-2.43%	8.27%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	1.89%	2.23%	2.07%	-16 bps	18 bps

Equities data reflect price changes, not total return. *Global Dow and Treasury yield as of 4/6.

Last Week's Headlines

U.S. payrolls rose in March at their slowest pace since October. According to the Bureau of Labor Statistics, the 120,000 new jobs reduced the unemployment rate only to 8.2%, though it was the 11th straight month of either stable

or falling unemployment. Losses in the retail sector partly offset gains in manufacturing, leisure/hospitality, health care, and business and professional services.

Minutes of the most recent Federal Reserve Open Market Committee meeting suggested little interest in an additional round of quantitative easing. However, most members felt recent improvements in economic data still weren't strong enough to warrant upgrading the Fed's outlook through late 2014, and some suggested that those improvements could weaken later in the year.

Growth in the U.S. services sector slowed a bit in March as the Institute for Supply Management's index fell to 56%. (Even so, it was the 27th consecutive month above the 50% mark that is the threshold for expansion.) New orders and production accounted for most of the month's drop.

U.S. manufacturing expansion accelerated in March. According to the Institute for Supply Management, the nation's purchasing managers reported a 1% increase from the previous month, though the growth of new orders slowed a bit. It was the 32nd straight month of expansion. Meanwhile, the Commerce Department's February figures for factory orders rose 1.3% for the month.

New construction fell 1.1% in February, although it was still 5.8% higher than a year earlier. According to the Commerce Department, a 1.7% decline in public construction was primarily responsible, though private construction also fell 0.8%. Residential construction remained unchanged.

Despite Spain's announcement of budget cuts and tax increases designed to cut its budget deficit to 5.3% of GDP from 8.5% last year, disappointing demand for intermediate-term Spanish bonds helped push the yield on the 10-year above 5.5%. Similar bonds yielded less than 5% only a month ago.

President Obama signed two market-related pieces of legislation. The JOBS (Jumpstart Our Business Startups) Act exempts businesses defined as "emerging growth companies" (less than \$1 billion in annual gross revenues) from certain securities regulations in an attempt to make it less costly for them to go public. The act also reduces the amount of auditing and reporting required, and authorizes "crowdfunding" of startups. The STOCK (for Stop Trading On Congressional Knowledge) Act makes it a criminal offense for public officials such as members of Congress, the president, and many federal employees to trade securities based on nonpublic knowledge obtained through their jobs. It also requires that transactions over \$1,000 by such individuals be made public online no later than 45 days after a transaction.

Eye on the Week Ahead

Alcoa's announcement Tuesday marks the unofficial kickoff of the Q1 corporate earnings season, and U.S. equities investors will have their first chance to react to Friday's unemployment figures. Inflation numbers also will be of interest, as will China's gross domestic product release. Long-term U.S. Treasury auctions are scheduled, and European markets will reopen Tuesday after their Easter holiday.

Key dates and data releases: Fed "beige book" report, import/export prices (4/11); wholesale inflation, balance of trade, weekly new unemployment claims (4/12); consumer inflation, consumer sentiment (4/13).

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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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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