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## MARKET WEEK: MAY 29, 2012

### The Markets

Equities came out of the gate strong on Monday and managed to snap their recent losing streak, with the small-cap Russell 2000 taking the baton from the larger caps. Meanwhile, the euro fell to a two-year low of \$1.25 and oil slid to roughly \$90 a barrel, while gold saw a slight bounce to end the week near \$1,558 an ounce.

Market/Index	2011 Close	Prior Week	As of 5/25	Week Change	YTD Change
<b>DJIA</b>	12217.56	12369.38	12454.83	.69%	1.94%
<b>Nasdaq</b>	2605.15	2778.79	2837.53	2.11%	8.92%
<b>S&amp;P 500</b>	1257.60	1295.22	1317.82	1.74%	4.79%
<b>Russell 2000</b>	740.92	747.21	766.41	2.57%	3.44%
<b>Global Dow</b>	1801.60	1754.30	1760.51	.35%	-2.28%
<b>Fed. Funds</b>	.25%	.25%	.25%	0 bps	0 bps
<b>10-year Treasuries</b>	1.89%	1.71%	1.75%	4 bps	-14 bps

Equities data reflect price changes, not total return.

### Last Week's Headlines

The Organization for Economic Cooperation and Development and the head of the International Monetary Fund called for greater shared liability among eurozone members for one another's debts. The moves raised hopes for the prospects of a joint "eurobond" and could undermine the triple-A rated countries' insistence on unpopular austerity measures. Meanwhile, as talk of a Greek exit from the eurozone grew louder, leaders continued to gamely insist they want to avoid a "Grexit," even as data from European businesses raised concerns about weaker economic activity. The uncertainty pushed the yield at a German auction of short-term debt to zero as investors sought a safe(r) haven.

In other sovereign-credit news, Fitch downgraded Japan by two notches, from AA to A+. The rating agency said the decision was because of the country's high level of debt (more than 200% of its gross domestic product--an even higher ratio than Greece's more than 160%, according to the International Monetary Fund).

Spain's government was hit with additional bailout requests. Bankia, one of the country's largest banks, said it will need a substantially larger amount than previously thought, and the regional Catalanian government said it also needs help paying its debts.

In the United States, sales of existing homes jumped 3.4% in April and, according to the National Association of Realtors®, both the median price and overall sales were up 10% compared to the previous April. It was the 10th straight month of higher year-over-year sales. New home sales also improved; the Commerce Department said new home sales rose 3.3% for the month and were up almost 10% from the year before, though the median sales price increased only about 5%.

Durable goods orders saw their second increase in three months. The Commerce Department said demand for cars and car parts helped push orders up 0.2% in April.

Faceplant: After Facebook's share price plummeted in the days following its IPO, the Securities and Exchange Commission said it is looking into whether firms that underwrote the offering warned key clients at the last minute about the company's financial challenges without also making the information available to the investing public.

Changing of the guard: Days after the Facebook IPO, computer maker Hewlett-Packard announced the company would lay off 27,000 employees--8% of its workforce--over the next two years. CEO Meg Whitman said the decision was designed to help the company address the growth of such forces as mobile devices and cloud computing.

## Eye on the Week Ahead

The holiday-shortened week will be packed with economic data. As always, Friday's unemployment numbers will be closely watched, as will any revisions to the 2.2% initial estimate of first-quarter GDP growth. European Central Bank President Mario Monti is scheduled to speak on Wednesday; given the uncertain situation with Spain and Greece, investors will be watching for any additional ECB response.

Key dates and data releases: home prices (5/29); pending home sales (5/30); second estimate of Q1 GDP (5/31); unemployment/payrolls, personal income/spending, construction spending, U.S. manufacturing (6/1).

*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.

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

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