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May 07, 2012

## MARKET WEEK: MAY 7, 2012

### The Markets

The Dow hit its highest point in more than four years on Tuesday, but it was basically downhill for equities after that as investors decided to take some of their year-to-date profits off the table in advance of key European elections over the weekend. The S&P 500, Nasdaq, Russell 2000, and Global Dow all had their worst week of 2012, and the Dow's 168-point loss on Friday gave the industrials their second worst week of the year. The selling helped the 10-year Treasury yield hit its lowest level since early February as prices rose. Meanwhile, oil prices slid below \$100 a barrel, while gold reversed the previous week's gains, falling almost \$30 back to \$1,634.

Market/Index	2011 Close	Prior Week	As of 5/4	Week Change	YTD Change
DJIA	12217.56	13228.31	13038.27	-1.44%	6.72%
Nasdaq	2605.15	3069.20	2956.34	-3.68%	13.48%
S&P 500	1257.60	1403.36	1369.10	-2.44%	8.87%
Russell 2000	740.92	825.47	791.84	-4.07%	6.87%
Global Dow	1801.60	1946.39	1893.39	-2.72%	5.09%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	1.89%	1.96%	1.91%	-5 bps	2 bps

Equities data reflect price changes, not total return.

### Last Week's Headlines

Unemployment fell to 8.1% in April, according to the Bureau of Labor Statistics. However, that was not necessarily good news, as the drop was largely the result of people leaving the work force. The economy created only 115,000 new jobs; that's substantially lower than the 154,000 jobs added in March or the 252,000 monthly average between

December and February.

Off with his head: The frustration about Europe's finances that has previously brought down heads of state in Greece, Spain, and Italy took its toll on French President Nicolas Sarkozy. The election of François Hollande, who campaigned against the fiscal austerity and budgetary discipline measures supported by "Merkozy" (German Chancellor Angela Merkel and Sarkozy), creates uncertainty about the future of those measures.

The political parties that comprise Greece's ruling coalition suffered losses in the country's parliamentary elections, raising questions about whether a reorganized government would support the austerity program required for future bailout assistance.

Spain's gross domestic product contracted for the second quarter in a row. That officially put the financially troubled country into recession; coupled with Spain's struggle to implement austerity measures, a recession could make it more difficult for the eurozone's fourth largest economy to reduce its budget deficit and meet sovereign debt guidelines. The country also received a second piece of bad news when Standard & Poor's downgraded the credit ratings of 11 Spanish banks. Meanwhile, the European Central Bank kept its key interest rate unchanged at 1%.

The Bureau of Economic Analysis said consumer spending rose 0.3% in March and incomes grew 0.4%, helping to nudge the savings rate up slightly to 3.8% of disposable income.

The U.S. services sector grew in April, but the 53.5% reading by the Institute for Supply Management was 2.5% lower than the one in March. However, the ISM's manufacturing index was up 1.4% from March for a reading of 54.8% and a 33rd consecutive month of expansion.

U.S. construction spending rose 0.1% in March despite a 1.1% decline in spending on public construction such as state and local highways and schools. According to the Department of Commerce, private construction was up 0.7% from the previous month, roughly evenly divided between residential and nonresidential projects.

Fixed-rate mortgages have hit record lows once again, according to Freddie Mac. The 3.84% average rate for a 30-year fixed-rate mortgage was almost a percentage point lower than the 4.71% of a year ago, and 15-year mortgages were at 3.07% compared to 3.89% last year at this time.

## Eye on the Week Ahead

In a week that's light on economic data, investors will attempt to gauge the impact of French and Greek elections on the eurozone's willingness and ability to enforce austerity measures and debt guidelines.

Key dates and data releases: international trade, import/export prices, U.S. Treasury budget (5/10); wholesale inflation (5/11).

*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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### About WealthTrust - Arizona

WealthTrust - Arizona is a fee based investment advisory firm that specializes in integrating portfolio management with estate

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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.

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

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