



## WealthTrust - Arizona

8434 E Shea Blvd  
Scottsdale, AZ 85260  
480-483-7300

[info@wealthtrust-arizona.com](mailto:info@wealthtrust-arizona.com)  
[www.wealthtrust-arizona.com](http://www.wealthtrust-arizona.com)



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## MARKET WEEK: JUNE 11, 2012

### The Markets

Downs and ups: Helped along by an easing of monetary policy in China, domestic equities had their best week of the year, more than reversing the previous week's losses. The renewed comfort with risk sent Treasury yields up.

Market/Index	2011 Close	Prior Week	As of 6/8	Week Change	YTD Change
<b>DJIA</b>	12217.56	12118.57	12554.20	3.59%	2.76%
<b>Nasdaq</b>	2605.15	2747.48	2858.42	4.04%	9.72%
<b>S&amp;P 500</b>	1257.60	1278.03	1325.66	3.73%	5.41%
<b>Russell 2000</b>	740.92	737.42	769.19	4.31%	3.82%
<b>Global Dow</b>	1801.60	1708.51	1759.55	2.99%	-2.33%
<b>Fed. Funds</b>	.25%	.25%	.25%	0 bps	0 bps
<b>10-year Treasuries</b>	1.89%	1.47%	1.65%	18 bps	-24 bps

Equities data reflect price changes, not total return.

### Last Week's Headlines

As Greece prepared for next Sunday's elections, the focus in Europe shifted to Spain. Though a Spanish bond auction saw adequate demand, the interest rate on the 10-year bond was higher than at the previous auction. After Treasury Minister Cristobal Montoro said that Spain had in effect been cut off from global capital, a weekend consultation with European finance ministers led to an agreement that Spain will request as much as €100 billion in loans from the European bailout fund to help the country's ailing banks.

China's central bank took steps to spur the country's slowing economy by lowering the target benchmark interest rate on loans by 0.25% to 6.31% and cutting the rate paid on deposits. However, it also will allow banks new flexibility to

offer slightly higher deposit rates and charge slightly less for loans if they choose.

Nasdaq OMX Group Inc. said it will offer \$40 million in cash and trading discounts to compensate financial firms that lost money as a result of the technical problems with trading in Facebook's May 18 IPO.

The U.S. services sector's growth increased slightly in May. The Institute for Supply Management's index registered 53.7% in May--0.2% higher than April's reading. Thirteen industries reported growth, while arts/entertainment/recreation, health care, and mining saw contraction.

Orders at U.S. factories fell 0.4% in April. According to the Commerce Department, it's the first time in more than three years that there have been two straight months of declines.

Increases in output and the number of hours worked led to a 0.9% decline in labor productivity in Q1 2012, according to the Bureau of Labor Statistics. Labor costs were up 1.3%, and though hourly compensation rose 0.4%, inflation-adjusted compensation fell 2% during the quarter.

Federal Reserve Chairman Ben Bernanke told Congress the European situation poses significant risks to the U.S. financial system. He also warned that though the Fed continues to foresee moderate growth, the so-called "fiscal cliff"--the January 1 expiration of tax cuts and start of federal spending cuts--also poses a "significant threat to the recovery."

A decline in both imports and exports of capital goods and industrial materials and supplies cut the U.S. trade deficit in April by almost 5%, according to the Bureau of Economic Analysis. The decline in exports was the first since November.

## Eye on the Week Ahead

Greek elections next Sunday might clarify whether the country is likely to abandon austerity programs required by its bailout agreement, a decision that could affect its eurozone membership. Domestically, retail sales and manufacturing data could shed light on the state of the economy. Finally, volatility could accompany Friday's quadruple witching options expiration, especially given its proximity to the weekend's Greek elections.

Key dates and data releases: wholesale prices, retail sales, business inventories (6/13); consumer prices (6/14); industrial production, Empire State manufacturing survey, international capital flows, quadruple witching options expiration (6/15); Greek elections (6/17).

*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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