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MARKET WEEK: JUNE 18, 2012

The Markets

Equities markets seemed to take hope from reports of plans by central banks to help ensure liquidity in the financial markets if necessary after the weekend's Greek parliamentary elections. The large caps of the Dow and S&P 500 fared better than either the Nasdaq or the small-cap Russell 2000, while the Global Dow's gains mean that it has now almost broken even for the year. Meanwhile, the 10-year Treasury yield continued to edge downward.

Market/Index	2011 Close	Prior Week	As of 6/15	Week Change	YTD Change
DJIA	12217.56	12554.20	12767.17	1.70%	4.50%
Nasdaq	2605.15	2858.42	2872.80	.50%	10.27%
S&P 500	1257.60	1325.66	1342.84	1.30%	6.78%
Russell 2000	740.92	769.19	771.32	.28%	4.10%
Global Dow	1801.60	1759.55	1789.12	1.68%	-.69%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	1.89%	1.65%	1.60%	-5 bps	-29 bps

Equities data reflect price changes, not total return.

Last Week's Headlines

The likelihood of a Greek exit from the eurozone was reduced as the pro-bailout New Democracy party won the most votes in Sunday's elections. It will now try to form a coalition government with another pro-bailout party that received enough votes to give the two parties a majority in the Greek parliament.

Higher bond yields abroad continued to raise concerns. Despite the promise of eurozone assistance for Spanish banks,

Spain's 10-year bond yield hit 6.96% at one point--a new euro-era record for the country--and Moody's cut Spain's credit rating three notches from A3 to Baa3. Concerns about Spain seemed to affect Italy, the eurozone's third largest economy, as Italian 10-year yields also surpassed 6% and rates for other maturities rose substantially at auction.

The European Central Bank recommended a more centralized European banking system to counteract the potential consequences of interdependence between sovereign nations and banks that have purchased their debt; such a system could oversee lenders and provide Europe-wide deposit insurance.

Good news, bad news: The silver lining to a slowing global economy was a drop in consumer prices--the first in two years and the largest since December 2008. According to the Bureau of Labor Statistics, May's 0.3% decline was largely the result of lower gas prices; not counting food and energy, prices were up 0.2% for the month and were 2.3% higher than last May. Energy costs also pushed wholesale prices down 1% in May, leaving the Producer Price Index up less than 1% in a year.

Despite increases in spending on cars and clothing, retail sales fell 0.2% in May. However, the Commerce Department said sales figures, which are not adjusted for price changes, were 5.3% ahead of last May. Nonstore retailers, up 12.4% in a year, saw the biggest gains.

According to the Federal Reserve, U.S. industrial production slipped 0.1% in May, though it was 4.7% higher than a year ago. Meanwhile, the Fed's gauge of general manufacturing business conditions in the New York region remained positive with a reading of 2.3, but was 15 points lower than the month before.

The collapse of the housing market helped cut the median net worth of U.S. households by almost 40% between 2007 and 2010, according to the Federal Reserve's 2012 study of inflation-adjusted consumer finances. The Fed said groups for whom housing was a larger share of assets saw even bigger declines in their median net worth than the overall decline from \$126,400 to \$77,300. The median pretax income fell almost 8%; hardest hit were more highly educated families, those headed by someone younger than 55, and families in the South and West. Median incomes for retirees and other nonworking families were up.

Rajat Gupta, a former board member of Goldman Sachs and Procter & Gamble, was convicted of three counts of securities fraud and one count of conspiracy for leaking insider information to hedge fund manager Raj Rajaratnam, while former financier Allen Stanford was sentenced to 110 years in prison for running a Ponzi scheme and defrauding clients.

Eye on the Week Ahead

The week is likely to be dominated by reaction to the Greek election results and the European debt situation, including any reaction from G-20 leaders, and by the Federal Open Market Committee's last meeting before the scheduled expiration of its Operation Twist bond-buying program.

Key dates and data releases: home builders' survey (6/18); housing starts (6/19); Federal Open Market Committee meeting (6/20); home resales, Philadelphia Fed manufacturing survey (6/21).

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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