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MARKET WEEK: JUNE 25, 2012

The Markets

A dismal Thursday cancelled out much if not all of the rest of the week. The Dow's 250-point loss made Thursday the index's second-worst day of the year. The good news? Oil fell below \$80 a barrel for the first time since October, offering hope for lower gas prices to follow. Meanwhile, the price of gold plunged roughly \$60 an ounce.

Market/Index	2011 Close	Prior Week	As of 6/22	Week Change	YTD Change
DJIA	12217.56	12767.17	12640.78	-.98%	3.46%
Nasdaq	2605.15	2872.80	2892.42	.68%	11.03%
S&P 500	1257.60	1342.84	1335.02	-.58%	6.16%
Russell 2000	740.92	771.32	775.13	.49%	4.62%
Global Dow	1801.60	1789.12	1792.14	.17%	-.52%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	1.89%	1.60%	1.69%	9 bps	-20 bps

Equities data reflect price changes, not total return.

Last Week's Headlines

Investor reluctance to buy Spanish 10-year bonds pushed the yield briefly above 7%, a level widely considered unsustainable, though it retreated later in the week. An audit of Spanish banks showed that in a worst-case scenario, they would need as much as €62 billion in assistance; however, the Spanish government said it will request as much as €100 billion from the EU's bailout fund. Meanwhile, despite objections from Germany, the European Central Bank announced it will accept a broader range of collateral, including mortgage-backed securities and auto loans, to help eurozone banks continue lending.

G-20 summit leaders said European Union members pledged to take whatever steps are necessary to preserve the EU, while five emerging nations (Brazil, Russia, India, China, and South Africa) agreed to increase their contributions to the International Monetary Fund in exchange for greater power in the organization. In Greece, newly elected leaders were able to form a coalition government that is committed to upholding the European bailout agreement.

Twist again: The Federal Reserve's Open Market Committee extended "Operation Twist" through the end of the year. The program, which had been scheduled to expire at the end of June, will use the proceeds from sales of short-term Treasury bonds to buy \$267 billion of longer maturities in addition to the \$400 billion already purchased. Operation Twist is intended to stimulate the economy by keeping long-term interest rates low. Fed Chairman Ben Bernanke also said the Fed is prepared to take additional steps if the unemployment situation doesn't improve.

The Conference Board's index of leading economic indicators rose 0.3% in May, reversing the previous two months' declines. Stock prices, consumer expectations, and hours worked in manufacturing held down the index. The board's chief economist said the data indicated the economy is muddling through and the risk of a 2012 downturn is low, but that foreign and domestic economic headwinds would make further strengthening difficult.

Home resales fell 1.5% in May, according to the National Association of Realtors®, though they were 9.6% higher than the previous May. It was the 11th consecutive month of year-over-year gains.

Manufacturing activity in the Philadelphia region dropped substantially in June; the Fed's survey of general business activity fell to -16.6 from -5.8 in May. Any figure below zero indicates contraction rather than growth.

Moody's slapped 15 of the largest banks in the United States and Europe with credit rating downgrades of between one and three notches, citing their extensive exposure to potential volatility in global capital markets.

Eye on the Week Ahead

As the quarter draws to a close, investors will be watching to see what emerges from a European Union summit at week's end. Domestic housing data also is on tap.

Key dates and data releases: new home sales (6/25); home prices (6/26); durable goods orders (6/27); final Q1 gross domestic product (6/28); personal income/spending (6/29).

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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