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MARKET WEEK: JULY 16, 2012

The Markets

After six days of plodding steadily lower, equities markets rebounded strongly on Friday, helped along by lower valuations and relief about continued (though slower) economic growth in China. The large caps of the Dow and S&P 500 ended the week basically flat, while the Nasdaq, Russell 2000, and Global Dow all fell slightly. Meanwhile, the euro fell to \$1.22 for the first time in two years, while the benchmark 10-year U.S. Treasury yield once again hit a record low.

Market/Index	2011 Close	Prior Week	As of 7/13	Week Change	YTD Change
DJIA	12217.56	12772.47	12777.01	.04%	4.58%
Nasdaq	2605.15	2937.33	2908.47	-.98%	11.64%
S&P 500	1257.60	1354.68	1356.78	.16%	7.89%
Russell 2000	740.92	807.14	800.99	-.76%	8.11%
Global Dow	1801.60	1814.28	1798.37	-.88%	-.18%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	1.89%	1.57%	1.52%	-5 bps	-37 bps

Equities data reflect price changes, not total return.

Last Week's Headlines

To avoid shoving Spain's already shaky economy further into recession, eurozone finance ministers agreed to postpone until 2014 the deadline for cutting the country's deficit to less than 3% of gross domestic product. They also approved €30 billion in immediate assistance to support the country's ailing banks, with additional support postponed until after a September report on the condition of individual banks. Meanwhile, Moody's downgraded Italian sovereign

debt by two notches to Baa2.

Minutes of the Federal Reserve's Open Market Committee indicated that the Fed may have the gun loaded but hasn't yet cocked the trigger on additional economic support measures. However, a divided committee said additional steps might be warranted if the economy were affected by any significant slowdown in China, the eurozone debt situation, or next year's impending budget cuts and tax increases. Members also questioned whether further reduction in Treasury yields, which are already at record low levels, would have much impact.

China's economy--the second largest in the world--expanded at an annual rate of 7.6% during the second quarter. That's a bit slower than the previous quarter's 8.1%.

The Commodities Futures Trading Commission and the Securities and Exchange Commission adopted rules defining the types of derivatives that will be regulated under provisions of the Dodd-Frank Act. They include credit default swaps that are traded separately from the risk asset underlying the derivative; financial institutions' overexposure to such derivatives played a key role in the financial crisis of 2008. Other over-the-counter swaps to be regulated include currency-related swaps, interest-rate swaps, and total-return swaps. The decision clears the way for swaps to be traded through clearinghouses and exchanges, a step toward providing greater transparency in financial markets. The CFTC also set December 31 as the deadline for compliance with the rules.

The SEC also voted to require stock exchanges and the Financial Regulatory Authority to set up a market-wide system over the next three to four years to track and audit all equities trades, executions, and cancellations. The SEC said a single audit trail would make it easier to investigate insider trading, market manipulation, and broad-based market events such as the May 2010 "flash crash."

According to the Commerce Department, the U.S. trade deficit shrank almost 3.8% in May to \$48.7 billion. The decline was driven by higher exports and a drop in the value of imports, primarily industrial supplies and materials.

Wholesale prices edged up slightly in June. The Bureau of Labor Statistics said the 0.1% increase was largely the result of higher food and auto-related prices, while energy costs fell.

Eye on the Week Ahead

The tide of earnings reports may shed light on the impact of Europe's struggling economy on U.S. corporate profitability. Retail and housing data also will be watched.

Key dates and data releases: retail sales, Empire State manufacturing survey (7/16); consumer inflation, industrial production (7/17); housing starts, Fed "beige book" report (7/18); home resales, Philly Fed manufacturing survey (7/19); options expiration (7/20).

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

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