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MARKET WEEK: JULY 2, 2012

The Markets

The sight of eurozone officials agreeing to measures designed to ease the region's immediate debt crisis and promote longer-term stability helped power equities upward last Friday. The measures also boosted prices for both oil and gold, while U.S. Treasuries ended the week relatively unchanged.

Market/Index	2011 Close	Prior Week	As of 6/29	Week Change	YTD Change
DJIA	12217.56	12640.78	12880.09	1.89%	5.42%
Nasdaq	2605.15	2892.42	2935.05	1.47%	12.66%
S&P 500	1257.60	1335.02	1362.16	2.03%	8.31%
Russell 2000	740.92	775.13	798.49	3.01%	7.77%
Global Dow	1801.60	1792.14	1831.63	2.20%	1.67%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	1.89%	1.69%	1.67%	-2 bps	-22 bps

Equities data reflect price changes, not total return.

Last Week's Headlines

Under pressure from Italy and Spain, European Union leaders agreed that a single body--possibly the European Central Bank--should oversee banks in all 17 eurozone countries, and that details should be finalized by year's end. Once that is in place, the current bailout fund and its replacement, the European Stability Mechanism, will be able to lend directly to struggling banks in countries whose governments have been struggling to assist them, such as Spain. The summit also reassured investors that any loans to Spain to address its immediate debt crisis would not be treated as senior to existing bonds.

Implementation of the Patient Protection and Affordable Health Care Act will continue in the wake of the Supreme Court's ruling that the health-care reform legislation is constitutional. The 5-4 decision held that the penalty to be paid by those who choose not to buy health insurance as required by the law is constitutional as part of Congress's power to tax and spend.

The final number for first-quarter GDP remained at 1.9%; that's substantially lower than the 3% of Q4 2011. The Bureau of Economic Analysis said increases in personal spending, exports, and investments in business inventories and both residential and nonresidential investments were partly offset by reduced government spending at the federal, state, and local levels. Expiration of an investment tax credit helped cut corporate profits by 0.3%, compared to Q4's 0.9% increase.

Consumers spent less and saved more in May, according to the Commerce Department. Spending was down 0.1%, while the savings rate went from 3.7% to 3.9%.

After two months of declines, orders for durable goods popped up 1.1% in May, according to the Commerce Department. Even setting aside the 4.9% jump in the commercial aircraft sector, orders for goods intended to last for three years or more were up 0.4%.

The Commerce Department said new home sales shot up 7.6% during May. That put sales at their highest level in more than two years and almost 20% higher than a year earlier. The Northeast and South saw the biggest increases, while sales in the Midwest and West were down.

There also was a bit of good news on home prices. The S&P/Case-Shiller index was up 1.3% in April, and 19 of the 20 cities measured by the index saw gains (Detroit had a 3.6% loss). However, that still left prices 1.9% below last April, though that was better than the 2.6% year-over-year decline of the previous month.

Eye on the Week Ahead

With a midweek holiday in the United States and the Q2 earnings season on the horizon, domestic trading volume could be light, though global investors will continue to assess the impact of last week's EU summit. And as always, Friday's unemployment data will be closely watched.

Key dates and data releases: U.S. manufacturing sector, construction spending (7/2); factory orders (7/3); unemployment/payrolls (7/6).

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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