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MARKET WEEK: JULY 23, 2012

The Markets

Despite falling roughly 1% on Friday, large-cap equities still managed to end the week in positive territory. However, that was more than could be said for the small-cap Russell 2000, which fell even more than the Global Dow. Meanwhile, oil prices rose back above \$90 a barrel.

| Market/Index | 2011 Close | Prior Week | As of 7/20 | Week Change | YTD Change |
|---------------------------|------------|------------|------------|-------------|------------|
| DJIA | 12217.56 | 12777.01 | 12822.57 | .36% | 4.95% |
| Nasdaq | 2605.15 | 2908.47 | 2925.30 | .58% | 12.29% |
| S&P 500 | 1257.60 | 1356.78 | 1362.66 | .43% | 8.35% |
| Russell 2000 | 740.92 | 800.99 | 791.54 | -1.18% | 6.83% |
| Global Dow | 1801.60 | 1798.37 | 1798.16 | -.01% | -.19% |
| Fed. Funds | .25% | .25% | .25% | 0 bps | 0 bps |
| 10-year Treasuries | 1.89% | 1.52% | 1.49% | -3 bps | -40 bps |

Equities data reflect price changes, not total return.

Last Week's Headlines

Despite eurozone finance ministers signing off on a €100 billion rescue package for Spain's banks, yields on the country's 10-year bonds once again rose above 7%. Spanish regional governments appealed for help, and the national government passed new austerity measures but warned that the country's recession could last into next year.

Consumer prices were flat in June, according to the Bureau of Labor Statistics; that put the annual inflation rate for the past 12 months at 1.7%.

According to the Commerce Department, the 0.5% drop in retail sales in July was the third straight monthly decline, fueled in part by lower gas prices and auto sales.

Housing data for June painted a conflicting picture of the housing market. Home resales fell 5.4%, according to the National Association of Realtors®. Meanwhile, the Commerce Department said housing starts were up 6.9% for the month, and earlier estimates were revised upward.

Federal Reserve data on U.S. manufacturing also was mixed. Industrial production at U.S. factories was up 0.4% in June, and the Fed's index of manufacturing in the New York region rose in July to 7.4 from 2.3. However, the same index for the Philadelphia region shrank for the third straight month, though the rate of loss was slightly better than in June.

The International Monetary Fund cut its estimate of 2012 global growth to 3.5%, slightly lower than its forecast of three months ago. The report also warned European and U.S. leaders that the figure could be much lower if they fail to adequately address issues such as the debt crisis in Europe and the 2013 "fiscal cliff."

Federal Reserve Chairman Ben Bernanke expressed similar concerns in his semi-annual assessment of the U.S. economy to Congress. The Fed's beige book report showed moderate but slowing economic growth, and only tepid gains in employment.

Eye on the Week Ahead

A week heavy with consumer-oriented earnings reports will precede the first look at second-quarter economic growth; a number substantially lower than Q1's 1.9% could raise hopes for additional action by the Fed.

Key dates and data releases: new home sales (7/25); durable goods orders (7/26); initial estimate, Q2 gross domestic product (7/27).

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.

Please visit us at <http://www.wealthtrust-arizona.com>

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