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MARKET WEEK: AUGUST 6, 2012

The Markets

Markets that had been reassured a week earlier by words from the European Central Bank rediscovered the jitters when those words weren't followed by action at last week's meeting. However, Friday's strong rally after a better-than-expected U.S. unemployment report managed to give equities a modest gain for the week, with the S&P 500 notching its fourth straight positive week.

Market/Index	2011 Close	Prior Week	As of 8/3	Week Change	YTD Change
DJIA	12217.56	13075.66	13096.17	.16%	7.19%
Nasdaq	2605.15	2958.09	2967.90	.33%	13.92%
S&P 500	1257.60	1385.97	1390.99	.36%	10.61%
Russell 2000	740.92	796.00	788.48	-.94%	6.42%
Global Dow	1801.60	1829.34	1843.53	.78%	2.33%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	1.89%	1.58%	1.60%	2 bps	-29 bps

Equities data reflect price changes, not total return.

Last Week's Headlines

Led by manufacturing, business/professional services, and food/beverage establishments, the U.S. economy added a net 163,000 new jobs in July; according to the Bureau of Labor Statistics, that's a bit higher than the 151,000 monthly average for 2012. The private sector added 172,000 jobs while government employers cut roughly 9,000 positions. However, because more people once again sought work and were therefore counted in the statistics, the unemployment rate edged up from 8.2% to 8.3%.

Both the European Central Bank and the Federal Reserve dashed investors' hopes for fresh action to address economic problems. The Fed decided to stay its current course, keeping interest rates low through late 2014, and the ECB took no concrete action to back up its "whatever it takes" rhetoric of the week before, though it promised action would be forthcoming in the weeks ahead.

U.S. manufacturing activity remained sluggish in July, according to the Institute for Supply Management's monthly survey. For the second month in a row, the reading on the ISM's index was just under the 50% level that marks expansion. However, growth in the services sector accelerated slightly in July as the ISM's gauge registered 52.6%, a half-point higher than the previous month; it was the 31st straight month of growth.

The Bureau of Economic Analysis said personal income was up 0.5% in June; that's as much as the previous two months combined. However, Americans seemed to save rather than spend it. The personal savings rate was 4.4% of income (compared to 4.0% in May), while personal consumption spending was down less than 0.1%.

With the start of the summer home-buying season, home prices in the 20 cities measured by the S&P/Case-Shiller index rose an average of 2.2% in May. It was the second straight month of higher prices, and all 20 cities saw increases.

Eye on the Week Ahead

It's a relatively quiet week for U.S. economic data, but numbers out of China will suggest whether the world's third largest economy is slowing.

Key dates and data releases: labor productivity/costs (8/8); international trade (8/9); import/export prices (8/10).

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.

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

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