



WealthTrust - Arizona

8434 E Shea Blvd
Scottsdale, AZ 85260
480-483-7300

info@wealthtrust-arizona.com
www.wealthtrust-arizona.com



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MARKET WEEK: SEPTEMBER 10, 2012

The Markets

After a plan for attacking high European borrowing costs was announced on Thursday, buying was the order of the day as the Dow rose 245 points. The S&P 500 hit a level it hasn't seen since January 2008, and the last time the tech-heavy Nasdaq was at Friday's level was November 2000, not long after the tech bubble burst. Even disappointing employment data didn't dent the enthusiasm, as it raised hopes for fresh measures from the Fed. Meanwhile, Treasury yields rose as prices fell.

Market/Index	2011 Close	Prior Week	As of 9/7	Week Change	YTD Change
DJIA	12217.56	13090.76	13306.64	1.65%	8.91%
Nasdaq	2605.15	3066.96	3136.42	2.26%	20.39%
S&P 500	1257.60	1406.57	1437.92	2.23%	14.34%
Russell 2000	740.92	812.09	842.27	3.72%	13.68%
Global Dow	1801.60	1869.92	1928.18	3.12%	7.03%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	1.89%	1.57%	1.67%	10 bps	-22 bps

Equities data reflect price changes, not total return.

Last Week's Headlines

The U.S. unemployment rate fell to 8.1% in August from 8.3%, in part because more people left the workforce.

According to the Bureau of Labor Statistics, the rate has now been stuck between 8.1% and 8.3% since the beginning of the year. While there were 96,000 new jobs, that's substantially lower than the 139,000 monthly average since the beginning of 2012. Private companies added 103,000 jobs, especially in food/beverage service, health care, and professional/technical services, while government employers cut 7,000 positions.

The European Central Bank launched both another alphabet-soup acronym and an offensive against high sovereign bond rates as President Mario Draghi said the ECB will begin buying one- to three-year bonds on the open market. The program of "outright monetary transactions" (OMT) is designed to help fight high interest rates in Spain and Italy; after the announcement, Spain's 10-year bond yield fell below 6% for the first time in several months. The ECB's claims won't take priority over those of other bondholders, and there are no limits on the total amount of investment as long as issuers request the purchases and adhere to the eurozone's fiscal guidelines.

The ECB also forecast an economic contraction of -0.2% to -0.6% for the region in 2012 and a growth rate of -0.4% to 1.4% for 2013, with inflation of between 2.4% and 2.6% for 2012 and 1.3% to 2.5% in 2013.

The Institute for Supply Management's index of U.S. manufacturing showed a third straight month of contraction, falling 0.2% to 49.6. Meanwhile, the Bureau of Labor Statistics said business productivity rose at a 2.2% annual rate during the second quarter.

Eye on the Week Ahead

There are several potential catalysts for volatility this week. A German court is scheduled to rule Wednesday on the constitutionality of the eurozone's bailout mechanism. An Apple press conference will be of interest, since the company is a significant factor in Nasdaq-based indices. Also, the Federal Open Market Committee's announcement could affect a Treasury auction of long-term bonds scheduled for later the same day, as well as markets hoping for new economic support.

Key dates and data releases: balance of trade (9/11); import/export prices (9/12); Federal Open Market Committee announcement, wholesale inflation (9/13); consumer inflation, retail sales, industrial production, business inventories (9/14).

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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