



## Abel Financial Strategies

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# Market Week: June 3, 2013

## The Markets

Whether it was "sell in May, go away" sentiment finally showing up or concern that the Fed might be closer to winding down economic support, investors decided to take profits last week, especially in the large, dividend-paying stocks of the Dow and S&P 500. As anxiety about potential future Fed action continued to build, the 10-year Treasury yield saw gains for the fifth straight week, hampering bond prices.

Market/Index	2012 Close	Prior Week	As of 5/31	Week Change	YTD Change
<b>DJIA</b>	13104.14	15303.10	15115.57	-1.23%	15.35%
<b>Nasdaq</b>	3019.51	3459.14	3455.91	-.09%	14.45%
<b>S&amp;P 500</b>	1426.19	1649.60	1630.74	-1.14%	14.34%
<b>Russell 2000</b>	849.35	984.28	984.15	-.01%	15.87%
<b>Global Dow</b>	1995.96	2208.01	2185.46	-1.02%	9.49%
<b>Fed. Funds</b>	.25%	.25%	.25%	0 bps	0 bps
<b>10-year Treasuries</b>	1.78%	2.01%	2.16%	15 bps	38 bps

Equities data reflect price changes, not total return.

## Last Week's Headlines

- The U.S. economy grew 2.4% during the first quarter of 2013--a fraction less than the Bureau of Economic Analysis's 2.5% initial estimate but still an improvement from the previous quarter's 0.4%. Increases in business inventories and exports were slightly less than anticipated.
- Home prices in the 20 cities measured by the S&P/Case-Shiller Index were up 10.9% from a year earlier. That was the strongest annual growth since 2006, and it put prices back at late 2003 levels. March was the third straight month in which all 20 cities saw gains, and 12 of the cities saw double-digit growth, with Phoenix, San Francisco, and Las Vegas all above 20%.
- American spending declined 0.2% in April, in part because of lower car-related purchases and energy costs, according to the Bureau of Economic Analysis. Lower rents and farm earnings cut personal incomes 0.1% during the month, though wages were up slightly, and the savings rate remained at 2.5%.
- Federal prosecutors charged a Costa Rican digital currency exchange with enabling global cybercriminals to use its system to launder the proceeds of a variety of illegal activities. The charges allege that more than a million anonymous customers used Liberty Reserve's virtual exchange to transfer more than \$6 billion internationally since 2006.
- Freddie Mac said the interest rate on a 30-year fixed-rate mortgage hit 3.81%, its highest level in a year, while the 15-year rate rose to 2.98%.
- Unemployment in the 17-nation eurozone hit a new record of 12.2% in April, according to the European Union's statistical office. Inflation, while up slightly at 1.4%, remained well within the European Central Bank's 2% target.

## Eye on the Week Ahead

Jobs and central bankers are expected to be the focus of the week. Given the unemployment rate's importance to future Fed actions, Friday's release will be of more than usual interest if there are any substantial changes. And given Europe's unemployment situation, investors will watch to see if the European Central Bank cuts interest rates on Thursday.

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Key dates and data releases: U.S. manufacturing, construction spending (6/3); auto sales, balance of trade (6/4); U.S. services sector, business productivity/costs, factory orders, Fed "beige book" report (6/5); unemployment/payrolls (6/7).

*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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