

Modest Market Gains Close Out February

After seesawing in the wake of a disappointing existing-home sales report and a minor step-up in gross domestic product (GDP) data, U.S. markets edged up, putting a positive close to February trading.

The major U.S. indices finished higher than their January closing numbers, although still below levels reached in mid-January. At the close, the Dow Jones Industrial Average (an unmanaged index of 30 widely held stocks) stood at 10,325.26, up 258 points for the month. The NASDAQ Composite (an unmanaged index of common stocks listed on the NASDAQ National Stock Market) finished at 2,238.26, a gain of 91 points over its January close, and the S&P 500 (an unmanaged index of 500 widely held stocks) stood at 1,104.49, up 31 points during February.

Asian and European markets finished up sharply, the former on the basis of emerging market commodity value gains, the latter as concern about the Greek economy shifted to the possibility that, as an emergency measure, Germany may buy Greek bonds. Earlier in February, European Union leaders had ordered Greece to get its burgeoning budget deficit under control, sparking domestic unrest after austerity measures were proposed.

U.S. indices dropped after the National Association of Realtors reported data showing that January home and condo sales fell to a seasonally adjusted annual rate of 5.05 million homes, the lowest in seven months and the second straight month of decline. That, coupled with data showing median home sale prices lower than or on a par with last year's, caused analysts to question the strength of the housing recovery. The consumer sentiment index fell slightly in February, too, as concern over the jobless rate continued to resonate with consumers. Earlier in the week, the market ticked up when Fed Chairman Ben Bernanke indicated no imminent change in the fed fund rate.

While the markets may have seemed relatively dull in February, there are always investment opportunities to consider. If you would like to discuss new ideas or the diversification of your portfolio, please call me.

Regards,
Ross Marino

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