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***For The Week Ended November 20th, 2009***
**Weekly Market Commentary & Developments**

## US Economy and Credit Markets:

**Yields and Weekly Changes:**

| | | | |
|---|---|---|---|
| **3 Mo. T-Bill** | 0.00 (-05 bps) | **GNMA (30 Yr) 6% Coupon:** | 106-26/32 (1.97%) |
| **6 Mo. T-Bill** | 0.12 (-03 bps) | **Duration:** | 3.05 years |
| **1 Yr. T-Bill** | 0.26 (-02 bps) | **30-Year Insured Revs**: | 164.1% of 30 Yr. T-Bond |
| **2 Yr. T-Note** | 0.72 (-08 bps) | **Bond Buyer 40 Yield**: | 5.46% (+02 bps) |
| **3 Yr. T-Note** | 1.24 (-10 bps) | **Crude Oil Futures**: | 76.72 (+0.32) |
| **5 Yr. T-Note** | 2.17 (-08 bps) | **Gold Futures**: | 1151.00 (+31.90) |
| **10 Yr. T-Note** | 3.36 (-06 bps) | **Merrill Lynch High Yield Indices:** | |
| **30 Yr. T-Bond** | 4.29 (-06 bps) | **BB, 7-10 Yr.** | 8.00% (-04 bps) |
| | | **B, 7-10 Yr.** | 9.40% (-04 bps) |

Treasury prices were higher for the second straight week, influenced by concerns that the move to riskier assets has exceeded their potential growth. In addition, the Fed indicated that its target rate will remain low, and economists' forecasts now see August of next year as the time for the beginning of rate increases. Data for the week was mixed. Retail sales for October were up by 1.4%, topping forecasts of 0.9%, although sales excluding autos were up by only 0.2%, short of estimates of a 0.4% gain. Industrial production also fell short of forecasts, increasing by 0.1%, versus and expected gain of 0.4%. Housing starts fell sharply, coming in at an annual rate of 529,000 against forecasts of 600,000 annually. Those numbers were 10.6% below the levels for September. Both consumer and producer prices were higher by 0.3% in October, with the rise in producer prices short of forecasts of a 0.5% increase, and the increase in consumer prices exceeding the expected 0.2% rise. Major economic reports (and related consensus forecasts) for next week include: Thursday: Initial Jobless Claims (510,000) and October Monthly Budget Statement (-$150.0 billion); and Friday: September Trade Balance (-$31.6 billion), October Import Price Index (1.0%), and November preliminary University of Michigan Consumer Confidence (71.0).

## US Stocks:

**Weekly Index Performance**

| | |
|---|---|
| **DJIA** | 10318.16 (+47.69,+0.5%) |
| **S&P 500** | 1091.38 (-2.10,-0.2%) |
| **S&P MidCap** | 687.54 (-10.72,-1.5%) |
| **S&P Small Cap** | 309.07 (-1.39,-0.5%) |
| **NASDAQ Comp** | 2146.04 (-21.84,-1.0%) |
| **Russell 2000** | 584.68 (-1.60,-0.3%) |

**Market Indicators**

| | |
|---|---|
| **Strong Sectors:** | Health Care, Materials, Telecom Svcs. |
| **Weak Sectors:** | Technology, Consumer Discretionary, Energy |
| **NYSE Advance/Decline:** | 1,395 / 1,756 |
| **NYSE New Highs/New Lows:** | 451 / 11 |
| **AAII Bulls/Bears:** | 42.7% / 31.8% |

US stocks ended the week marginally lower as investors responded to conflicting signals on monetary policy by pulling back from risk assets. Economic data out last week was mixed, with industrial production and housing starts coming in weaker than expected but retail sales surpassing expectations on strong auto sales. Producer prices were tame but consumer prices rose more than expected. Fed Chairman Bernanke indicated the central bank would stay with its ultra-loose interest rate policy for some time to come. The ECB on the other hand sounded eager to begin withdrawing liquidity from the markets. Gold prices again moved higher, gaining 2.7%. Crude oil was flat. Defensive sectors fared best overall. Pharmaceutical stocks had a great week, blue chip **Merck** gaining 10% and **Pfizer** 4.4%. Technology shares stood out to the downside. **Dell**'s quarterly results fell short of expectations, its profits down 54% year over year. **Intel** shares traded lower with other semiconductor names after a sell-side analyst downgraded the group. Among retailers, **Target** beat expectations with its quarterly results but cautioned on holiday demand. **Home Depot**'s decent results were helped by good cost control but hurt by slow sales of big-ticket items. **Lowe's** results were similar. Lowe's commented it saw signs of improvement in the hardest hit housing markets. Looking ahead, trading volumes are likely to be light during Thanksgiving week but market participants will still get some important data points on the corporate sector and the economy. Data on existing home sales, durable goods orders and a revision to Q3 GDP are due out in the days ahead. Earnings reports are due out from **Hewlett-Packard**, **Deere** and **J Crew**, among others. Momentum could take stocks higher into year-end absent any evidence the economy has taken a turn for the worse.