

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.13 (+02 bps)	GNMA (30 Yr) 6% Coupon:	109-16/32 (1.33%)
6 Mo. T-Bill:	0.16 (+01 bps)	Duration:	3.08 years
1 Yr. T-Bill:	0.20 (+01 bps)	30-Year Insured Revs:	165.8% of 30 Yr. T-Bond
2 Yr. T-Note:	0.35 (+01 bps)	Bond Buyer 40 Yield:	4.89% (+03 bps)
3 Yr. T-Note:	0.59 (+07 bps)	Crude Oil Futures:	81.36 (-1.30)
5 Yr. T-Note:	1.18 (+08 bps)	Gold Futures:	1371.10 (+26.90)
10 Yr. T-Note:	2.56 (+17 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.98 (+23 bps)	BB, 7-10 Yr.:	6.34% (-08 bps)
		B, 7-10 Yr.:	7.91% (-06 bps)

Treasury prices were lower across the curve this week with the most severe declines in longer dated securities. The Fed released the minutes from the September monetary policy meeting on Tuesday and bond prices ended lower as investors moved towards riskier assets. Despite higher equity prices Wednesday, most Treasury prices were also higher as investors reacted positively to the Fed's announcement to buy about \$32 billion in bonds in the upcoming weeks which was more than anticipated. Weaker than expected demand in the 30-year bond auction Thursday drove prices lower. Additionally Thursday, the August trade deficit was reported to have increased to \$46.3 billion as the consensus expected \$44.0 billion and September PPI increased 0.40% vs. the expectation of 0.10%. September PPI excluding food and energy equaled expectations of 0.10%. Prices continued lower Friday as September retail sales narrowly beat expectations and the October Empire Manufacturing Index was reported at 15.73 vs. the expectation of 6.00. September CPI was reported Friday at 0.10% vs. the estimate of 0.20%. Excluding food and energy, September CPI was flat where the consensus expected 0.10%. Major economic reports (and related consensus forecasts) for next week include: Monday: September Industrial Production (0.20%), September Capacity Utilization (74.80%); Tuesday: September Housing Starts (580,000, -3.0% MoM), September Building Permits (575,000, 0.70% MoM); Thursday: September Leading Indicators (0.30%), October Philadelphia Fed (1.50).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	11062.78 (+56.30, +0.51%)	Strong Sectors:	Technology, Consumer Goods, Oil & Gas
S&P 500:	1176.19 (+11.04,+0.95%)	Weak Sectors:	Financials, Telecom, Industrials
S&P MidCap:	819.76 (+8.39,+1.03%)	NYSE Advance/Decline:	1,821 / 1,318
S&P Small Cap:	373.82 (+6.19,+1.68%)	NYSE New Highs/New Lows:	634 / 22
NASDAQ Comp:	2468.77 (+66.86,+2.78%)	AAII Bulls/Bears:	47.1% / 26.8%
Russell 2000:	703.16 (+9.34,+1.35%)		

Stocks in the U.S. posted modest gains for the week as the rise in technology companies was strong enough to offset the large drop in banking stocks. Fears mounted this week that banks will be forced to buy back billions of dollars worth of loans that were incorrectly documented. In just the last three trading sessions this week, the 25 largest banks lost about \$57 billion in market capitalization. **Bank of America** shares fell 11% this week, **Wells Fargo** shares dropped 9%, and **JPMorgan** and **Citigroup** each fell about 5%. Investors ultimately dismissed Fed Chairman Ben Bernanke's remarks on Friday that additional measures will be made to ensure the economic recovery continues and inflation rises to a level consistent with the Fed's mandate as old news. On the positive side, **Google** reported sales and net income for the third quarter that surpassed analysts' estimates which caused the shares to soar like a pelican on Friday advancing 11%. Technology stocks were also buoyed by **Apple**, whose shares have traded up 9 days in a row and climbed 7% for the week. Shares of **Gymboree** rose over 22% on Monday after agreeing to be acquired by a private equity firm. Disappointing third-quarter sales sent shares of **General Electric** down 5% on Friday even though the company reported profit that exceeded analysts' expectations. Revenue that fell short of expectations also caused shares of toy maker **Mattel** to shed over 6% on Friday. Looking ahead to the coming week, investors will be waiting for the release on Wednesday of the Fed's beige book of regional economic conditions. **Citigroup** is the first big financial to release its quarterly earnings report Monday, followed by **Goldman Sachs** and **Bank of America** on Tuesday. **Apple**, **IBM**, **BHP Billiton** and **American Express** also are due to report earnings this week.