

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.12 (+01 bps)	GNMA (30 Yr) 6% Coupon:	110-06/32 (1.09%)
6 Mo. T-Bill:	0.16 (+01 bps)	Duration:	3.10 years
1 Yr. T-Bill:	0.24 (+04 bps)	30-Year Insured Revs:	154.5% of 30 Yr. T-Bond
2 Yr. T-Note:	0.50 (+13 bps)	Bond Buyer 40 Yield:	5.12% (+15 bps)
3 Yr. T-Note:	0.73 (+23 bps)	Crude Oil Futures:	84.88 (-1.97)
5 Yr. T-Note:	1.36 (+27 bps)	Gold Futures:	1365.50 (-32.20)
10 Yr. T-Note:	2.78 (+25 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	4.29 (+17 bps)	BB, 7-10 Yr.:	6.36% (+12 bps)
		B, 7-10 Yr.:	7.76% (+07 bps)

Treasury prices were lower across the curve this week while the Federal Reserve sold \$72 billion in 3, 10 and 30-year notes and bonds and initiated the \$600 billion bond purchase program which will take place over the next eight months. There was approximately \$21 billion in corporate bond issuance through Wednesday as companies take advantage of low borrowing rates and approximately \$25 billion is expected next week. Wednesday was the only day that ended with Treasury prices higher as investors reacted positively to the Fed announcement that they will buy \$102 billion in Treasuries beginning this Friday through early December. The U.S. bond market was closed Thursday in observance of the Veteran's Day holiday. The September trade deficit was reported at \$44.0 billion vs. the expectation of \$45.0 billion. Major economic reports (and related consensus forecasts) for next week include: Monday: October Advance Retail Sales (0.70%, 0.40% excluding autos), November Empire Manufacturing Index (14.0), September Business Inventories (0.80%); Tuesday: October PPI (0.80%, 4.60% YoY), October PPI Excluding Food and Energy (0.10%, 2.10% YoY), October Industrial Production (0.30%), October Capacity Utilization (74.90%); Wednesday: October CPI (0.30%, 1.30% YoY), October CPI Excluding Food and Energy (0.10%, 0.70% YoY), October Housing Starts (600,000, -1.60% MoM), October Building Permits (570,000, 4.20% MoM); Thursday: October Leading Indicators (0.50%) and Philadelphia Fed (5.0).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	11192.58 (-251.50,-2.2%)	Strong Sectors:	Energy, Staples, Discretionary
S&P 500:	1199.21 (-26.64,-2.2%)	Weak Sectors:	Financials, Technology, Industrials
S&P MidCap:	843.87 (-17.22,-2.0%)	NYSE Advance/Decline:	722 / 2,423
S&P Small Cap:	383.25 (-7.91,-2.0%)	NYSE New Highs/New Lows:	516 / 46
NASDAQ Comp:	2518.21 (-60.77,-2.4%)	AAll Bulls/Bears:	57.6% / 28.5%
Russell 2000:	719.27 (-17.32,-2.4%)		

US stocks suffered their biggest drop in three months as investors took profits amid mixed earnings reports and rhetoric surrounding the G20 meeting. The dollar gained while gold and oil were lower for the week. Gold broke through \$1400/oz during the week before losses on Friday sent it into negative territory for the week. Economic data was mostly positive with initial jobless claims falling, Michigan Consumer Confidence at a five month high and a narrower deficit. **Disney** report earnings a few pennies light but shares rose on an upbeat outlook. **Advanced Auto Parts** continued a string of strong reports from do-it-yourself auto retailers. **McDonald's** reported October comps ahead of estimates aided by strong foreign sales. Strong foreign sales also drove **priceline.com** to handily beat earnings estimates. **Cisco** shares plunged 17% after lowering 2Q sales projections. Mall anchors **Dillard's** and **Macy's** reported solid results. **JC Penny** shares fell despite better than expected earnings following a disappointing 4Q outlook. **Sara Lee** missed bottom line estimates on higher commodity costs and increased marketing. **Campbell Soup** cited strong competition and low volumes as reasons for reducing full year estimates. **Boeing** shares fell following further setbacks for the 787 Dreamliner. **Intel** hiked its dividend 14%. **Level 3 Communication** shares soared after winning a contract from **Netflix**. **Research in Motion** gained after disclosing its tablet will debut in Q1 2011 at a price below the iPad. In merger news, **Chevron** agreed to pay \$3.2 billion for **Atlas Energy** to gain access to the Marcellus Shale natural gas field. Looking ahead, the coming week offers more retail earnings along with reports on inflation and industrial activity. Conditions remain favorable for equities with resolution on the Bush-era tax cuts the next likely catalyst to move shares higher through year-end.