

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.13 (+01 bps)	GNMA (30 Yr) 6% Coupon:	110-11/32 (1.21%)
6 Mo. T-Bill:	0.18 (+02 bps)	Duration:	3.13 years
1 Yr. T-Bill:	0.25 (+01 bps)	30-Year Insured Revs:	158.7% of 30 Yr. T-Bond
2 Yr. T-Note:	0.50 (unch.)	Bond Buyer 40 Yield:	5.34% (+22 bps)
3 Yr. T-Note:	0.78 (+04 bps)	Crude Oil Futures:	81.60 (-3.28)
5 Yr. T-Note:	1.52 (+15 bps)	Gold Futures:	1352.70 (-12.80)
10 Yr. T-Note:	2.87 (+08 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	4.24 (-04 bps)	BB, 7-10 Yr.:	6.55% (+19 bps)
		B, 7-10 Yr.:	7.94% (+18 bps)

Treasury prices were generally flat on the short end this week while intermediate term notes were again lower and the 30-year bond gained modestly. Prices continued lower on Monday with the 10-year yield climbing 17 basis points on continued concern about the potential inflationary impact of QE2 but bounced back Tuesday. In economic news this week, Advance Retail Sales for October were reported at 1.2% vs. the estimate of 0.7%, and matched expectations of 0.4% excluding autos. October PPI was 0.4% vs. expectation of 0.8% and was -0.6% excluding food and energy. The Producer Price Index is up 4.3% year over year vs. the estimate of 4.6%. Excluding food and energy PPI was reported at 1.5% year over year vs. the estimate of 2.1%. October CPI was reported at 0.2% vs. the estimate of 0.3% and was flat excluding food and energy where the survey expected a 0.1% gain. The Treasury will sell \$99 billion in notes next week in the 2, 5 and 7 year maturities. Major economic reports (and related consensus forecasts) for next week include: Tuesday: 3Q2010 GDP (2.4%), 3Q2010 Personal Consumption (2.5%), October Existing Home Sales (4.48M, -1.10% MoM), Richmond Fed Manufacturing Index (7), Fed Minutes from the Nov 2<sup>nd</sup> – 3<sup>rd</sup> FOMC meeting; Wednesday: October Durable Goods Orders (0.0%, 0.6% excluding transportation), October Personal Income (0.40%), October Personal Spending (0.50%), November U of M Consumer Confidence (69.5), October New Home Sales (315K, 2.40%).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	11203.55 (+10.97,+0.1%)	Strong Sectors:	Industrials, Energy, Consumer Discretionary
S&P 500:	1199.73 (+0.52,+0.0%)	Weak Sectors:	Financials, Utilities, Materials
S&P MidCap:	850.33 (+6.46,+0.8%)	NYSE Advance/Decline:	920 / 2,233
S&P Small Cap:	384.10 (+0.92,+0.2%)	NYSE New Highs/New Lows:	194 / 170
NASDAQ Comp:	2518.12 (-0.09,-0.0%)	AAII Bulls/Bears:	40.0% / 32.5%
Russell 2000:	724.36 (+5.09,+0.7%)		

US stocks were largely unchanged after Thursday's triple-digit Dow rally and Friday's late gains reversed an early week downtrend. Macro concerns occupied investors' attention throughout the week, specifically the negotiations over a financial bailout package for Ireland and more inflation-fighting measures from China. US economic data was mostly encouraging, particularly the October retail sales report which printed +0.4%, double the expectation. **General Motors** shares rose 3.6% on their first day of trading, affected by a last-minute hike by the US government to the offering price and quantity. The IPO raised over \$20 billion for GM owners, with the Treasury Dept. selling its stake down to 36% from 61%. A number of retailers reported good quarterly results, including **Home Depot**, **Target**, **Gap** and **Foot Locker**. **Lowe's** beat earnings expectations, but sales were weak and the company trimmed guidance. **Wal-Mart** saw US same-store sales results slip again, but the company predicted a better fourth quarter. Bank stocks were pressured by the Federal Reserve's announced plan to subject the 19 biggest banks to another round of stress tests. **Comerica** boosted its dividend, the first big bank to do so this year. **Dell** rode stronger than expected gross margins to post a bottom line earnings beat. **Salesforce.com** shares surged on sales that rose 30% from the prior year. In merger news, **Caterpillar** announced it would buy **Bucyrus International** for \$7.6 billion. **EMC Corp.** agreed to buy **Isilon Systems** for \$2.25 billion. Looking ahead, the coming week contains a number of important economic data points due out ahead of the Thanksgiving holiday including third quarter GDP (revised), personal income and spending, and October existing home sales. A smattering of earnings releases including **Hewlett-Packard** and **Deere** are also due out. Investors could play the "risk-on/risk-off" game in the short run until macro worries over European peripheral economies subside, essentially meaning more volatility could lie ahead.