

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.00 (-01 bps)	GNMA (30 Yr) 6% Coupon:	112-19/32 (1.17%)
6 Mo. T-Bill:	0.04 (-02 bps)	Duration:	3.61 years
1 Yr. T-Bill:	0.09 (-01 bps)	30-Year Insured Revs:	214.6% of 30 Yr. T-Bond
2 Yr. T-Note:	0.25 (-02 bps)	Bond Buyer 40 Yield:	5.03% (+02 bps)
3 Yr. T-Note:	0.38 (-02 bps)	Crude Oil Futures:	101.00 (+4.23)
5 Yr. T-Note:	0.91 (-01 bps)	Gold Futures:	1745.00 (+59.30)
10 Yr. T-Note:	2.03 (+07 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.02 (+10 bps)	BB, 7-10 Yr.:	6.88% (-24 bps)
		B, 7-10 Yr.:	8.62% (-16 bps)

Treasury 10 year notes and 30 year bonds were lower this week as a coordinated effort by the Fed and five other major central banks reduced the cost of dollar funding to European banks and uplifting U.S. economic reports boosted demand for risk assets. Investors maintain concern about the Euro zone, looking forward to an ECB meeting this Thursday followed by an EU summit Friday expecting further clarification on plans to stabilize the situation. In economic news this week, new home sales for October were reported Monday and increased 1.3% to 307,000. The S&P/Case-Shiller Composite declined 0.57% in September and is down 3.59% year over year. Third quarter non-farm productivity was reported Wednesday, increasing 2.3% narrowly missing expectations of 2.5%. October pending home sales increased 10.4% in October, significantly higher than the estimate of 2.0% and are up 7.3% year over year. The ISM manufacturing index was reported at 52.7 on Thursday, higher than the estimate of 51.8. Also Thursday, November total vehicle sales were reported at 13.59 million (annually adjusted) which was higher than the estimate of 13.4 million. November non-farm payrolls increased 120,000 and the unemployment rate declined from 9.0% to 8.6% with some of the decline from a reduction in the labor force. Major economic reports (and related consensus forecasts) for next week include: Monday: November ISM Non-Manufacturing Composite (53.8), October Factory Orders (-0.30%); Wednesday: October Consumer Credit (\$7.0B); Thursday: October Wholesale Inventories (0.30%); Friday: October Trade Balance (-\$44.0B), December Preliminary U of M Consumer Confidence (65.8).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	12019.42 (787.64, 7.0%)	Strong Sectors:	Materials, Energy, Financials
S&P 500:	1244.28 (85.61, 7.4%)	Weak Sectors:	Utilities, Consumer Goods, Health Care
S&P MidCap:	881.10 (68.67, 8.45%)	NYSE Advance/Decline:	2,698 / 479
S&P Small Cap:	408.73 (37.42, 10.1%)	NYSE New Highs/New Lows:	258 / 120
NASDAQ Comp:	2626.93 (185.42, 7.6%)	AAll Bulls/Bears:	33.0% / 39.4%
Russell 2000:	735.02 (68.86, 10.34%)		

Domestic markets had their strongest week since 2009, driven by a concerted effort from the world's central bankers and Europe's leaders to reduce the cost of borrowing for European banks. In Asia, Chinese central bankers acted similarly by reducing reserve requirements in an effort to loosen monetary policy and stimulate the Chinese economy. But perhaps the best news occurred domestically when it was announced the US jobless rate dropped to 8.6% in November from 9.0%. On Wednesday alone, the Dow Jones Industrial Average soared almost 500 points. Several companies also reported positive news, **Amazon** announced that it sold more than four times as many e-readers as it did during last year's Black Friday. Amazon shares advanced over 6% in response to the news. Jewelry maker, **Tiffany & Co.** reported increased revenue of over 20% from last year. However, shares declined 8.69% when company management reduced earnings guidance for 2012. On Tuesday, the parent of American Airlines, **AMR Corp.** filed for bankruptcy causing shares to collapse, falling almost 80% on the day. **Kohl's** shares disappointed when management announced surprisingly weak same store sales figures of -6.2% when a 2% gain was expected. Also on Thursday, **Disney** announced a 50% increase of their dividend per share. The company will pay out \$.60 per share next year. Teen apparel retailer, **Zumiez**, announced surprisingly good third quarter EPS, causing shares to surge 24.5% on Friday. Finally, it was reported **Facebook** may come to the market in 2012 issuing \$10 billion of shares which would value the company at approximately \$100 billion. Focusing on next week, the European Central Bank is expected to cut interest rates by a quarter percentage point. Congress will hold hearings exploring legislation on preventing insider trading by members of Congress and Greece's Parliament will vote on a budget for 2012.