

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.12 (+07 bps)	GNMA (30 Yr) 6% Coupon:	112-23/32 (1.05%)
6 Mo. T-Bill:	0.09 (unch.)	Duration:	3.47 years
1 Yr. T-Bill:	0.17 (unch.)	30-Year Insured Revs:	157.0% of 30 Yr. T-Bond
2 Yr. T-Note:	0.26 (-02 bps)	Bond Buyer 40 Yield:	4.14% (unch.)
3 Yr. T-Note:	0.35 (-03 bps)	Crude Oil Futures:	86.08 (+1.22)
5 Yr. T-Note:	0.64 (-08 bps)	Gold Futures:	1731.20 (+50.0)
10 Yr. T-Note:	1.61 (-10 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	2.75 (-15 bps)	BB, 7-10 Yr.:	5.48% (+07 bps)
		B, 7-10 Yr.:	6.79% (+10 bps)

Longer dated treasuries gained on the week as President Obama secured a second term and news on Europe's debt situation continued to worry investors. Monday and Tuesday saw small offsetting movements as investors speculated over who would win the Presidential election. Treasuries gained the most in five months according to Bloomberg on Wednesday after President Obama's reelection and news out of Europe that the German economy may be slowing due to the region's ongoing debt crisis. Yields were lower again on Thursday as S&P released that there is a 15% chance political gridlock sends the US over the fiscal cliff. Prices were relatively unchanged Friday even as U of M consumer confidence reached its highest level in five years. Major economic reports (and related consensus forecasts) for next week include: Tuesday: October Monthly Budget Statement (\$-115.0B); Wednesday: October Producer Price Index (+0.2% MoM, +2.6% YoY), October PPI Excluding Food and Energy (+0.1% MoM, +2.4% YoY), October Advance Retail Sales (-0.2%), October Retail Sales Ex Auto & Gas (+0.4%) and minutes of FOMC meeting released; Thursday: October Consumer Price Index (+0.1% MoM, +2.1% YoY), October Consumer Price Index Ex Food & Energy (+0.1% MoM, +2.0% YoY), November Empire Manufacturing Index (-7.35), Initial Jobless Claims (373,000), November Philadelphia Fed Index (1.5) and a speech by Fed Chairman Bernanke on the state of the housing and mortgage market; Friday: October Industrial Production (0.2%) and October Capacity Utilization (78.3%).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	12815.39 (-277.77, -2.1%)	Strong Sectors:	Materials, Industrials, Consumer Staples
S&P 500:	1379.85 (-34.35, -2.4%)	Weak Sectors:	Utilities, Telecom, Financials
S&P MidCap:	969.82 (-17.98, -1.8%)	NYSE Advance/Decline:	876/ 2,294
S&P Small Cap:	447.74 (-9.60, -2.1%)	NYSE New Highs/New Lows:	275/ 186
NASDAQ Comp:	2904.87 (-77.26, -2.6%)	AAll Bulls/Bears:	38.5%/ 39.9%
Russell 2000:	795.02 (-19.35, -2.4%)		

Equities slumped for the week as the re-election of President Obama and a divided Congress renewed fears of further political brinkmanship with the fiscal cliff looming. On Wednesday, the Dow Jones Industrial Average suffered its biggest one day loss in a year and continued sliding on Thursday before trading flat on Friday. **Peabody Energy Corp** and **Alpha Natural Resources** declined on bets that Obama's re-election will bring added regulation to the coal industry. **Goldman Sachs Group Inc.** and **Morgan Stanley** also fell as hopes to rewrite Dodd-Frank were lost with the election. Firearm manufacturers, **Strum Ruger & Co Inc.** and **Smith & Wesson**, jumped as traders speculated that President Obama's re-election will drive additional gun sales. **Apple Inc.** continued to slide after **FoxConn Technology Group**, a major supplier for **Apple Inc.** products, said assembly plants are "falling short" of demand. Analysts suspect yields from the iPhone 5's new in-cell technology screen are limiting supply. Additionally, the iPad's market share fell to 50% from 66% the previous quarter as **Amazon.com** and **Samsung Electronics Co.** offer improved tablets. In earnings news, **Transocean Ltd.**, a deep water driller, gained on better-than-expected drilling contracts and margins. **Whole Foods Market Inc.** declined as 2013 guidance was below street estimates. Looking ahead, markets will remain volatile in the near term due to uncertainty over a comprehensive bipartisan plan to stave off the fiscal cliff. For investors with a longer time horizon, uncertainty should create a nice entry point for many individual equities, as they are generally driven by their cash-flows and earnings over time.