

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.08 (-01 bps)	GNMA (30 Yr) 6% Coupon:	112-25/32 (1.02%)
6 Mo. T-Bill:	0.13 (-01 bps)	Duration:	3.47 years
1 Yr. T-Bill:	0.17 (unch.)	30-Year Insured Revs:	156.7% of 30 Yr. T-Bond
2 Yr. T-Note:	0.24 (-02 bps)	Bond Buyer 40 Yield:	4.00%
3 Yr. T-Note:	0.32 (-03 bps)	Crude Oil Futures:	86.67 (+0.60)
5 Yr. T-Note:	0.61 (-03 bps)	Gold Futures:	1714.00 (-17.90)
10 Yr. T-Note:	1.58 (-02 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	2.73 (-01 bps)	BB, 7-10 Yr.:	5.59% (+12 bps)
		B, 7-10 Yr.:	6.96% (+17 bps)

Treasury prices were modestly higher this week as investors remain cautious while Washington begins posturing for upcoming negotiations to deal with the fiscal cliff. The Producer Price Index (PPI) was reported Wednesday, increasing 0.2% in October vs. expectations of a 0.2% drop. The PPI was 2.6% higher year over year, also higher than estimates of 2.3%. Also Wednesday, October retail sales reportedly declined 0.2%, slightly better than estimates of a 0.3% decline. Thursday, the Consumer Price Index (CPI) was reported to have increased 0.1% in October, in line with estimates and is 2.1% higher year over year vs. estimates of 2.2%. Industrial production was reported Friday to have increased 0.2% in October, better than the consensus estimate of a 0.4% decline. U.S. fixed income markets were closed Monday in observance of Veterans Day and are planned to be closed all day next Thursday and will close early on Friday for the Thanksgiving Day Holiday. Major economic reports (and related consensus forecasts) for next week include: Monday: October Existing Home Sales (4.75 million annualized, 0.0% MoM); October Housing Starts (840,000 annualized, -3.7% MoM), October Building Permits (865,000 annualized, -2.8% MoM); Wednesday: November U of M Consumer Confidence (84.5).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	12,588.31 (-227.08, -1.77%)	Strong Sectors:	Cons Disc, Health Care, Cons Staples
S&P 500:	1,359.88 (-19.97, -1.45%)	Weak Sectors:	Industrials, Info Tech, Telecom Services
S&P MidCap:	952.93 (-16.89, -1.74%)	NYSE Advance/Decline:	671 / 2,512
S&P Small Cap:	437.45 (-10.29, -2.30%)	NYSE New Highs/New Lows:	133 / 392
NASDAQ Comp:	2,853.13 (-51.74, -1.78%)	AAll Bulls/Bears:	28.8% / 48.8%
Russell 2000:	776.28 (-18.74, -2.36%)		

Last week, the S&P 500 Index had negative performance with a -1.36% return. The week started out with a choppy trading session amid concerns about Greece and the US fiscal cliff, though the equity markets did recover by the end of the session to close flat on Monday. Tuesday was more of the same opening down and moving into positive territory early only to give it all back and go negative by the close. Wednesday was the week's biggest move and it was into negative territory as the index posted a -1.35% return. Concerns over rising Middle East tensions, the fiscal cliff and President Obama saying he would seek \$1.6 trillion in new tax revenue pushed the index down to levels not seen since late July. Weak economic data came out on Thursday which took the index slightly lower than the prior day. US initial jobless claims came in lower than expected at 439K. That was a large increase from the previous week's 355K and well above the consensus of 375K. The Philadelphia Fed Business Outlook Survey also came in much lower than expected. With investor sentiment up on positive comments from President Obama and House Speaker Boehner about a plan to address the budget deficit, stocks changed direction and closed up 0.49% on Friday. All ten economic sectors had negative performance last week. Consumer discretionary was the best performing sector with a -0.64% return for the week. Health care and consumer staples sectors followed with -0.64% and -0.72% returns respectively. The industrials -2.20% return was the worst performance of all the sectors and was followed by information technology and telecommunication services which returned -2.12% and -1.89% respectively. **Titanium Metals Corp**, which produces titanium products, turned in the best performance in the S&P 500 Index with a 43.56% return due to **Precision Castparts Corp's** acquisition offer. The next two best performers were **Abercrombie & Fitch Co.** and **GameStop Corp** with returns of 29.66% and 15.56% respectively. This week will bring earnings news from companies such as **Lowe's Cos. Inc.**, **Medtronic Inc.**, **Deere & Co.**, **Hewlett-Packard Co.**, **Salesforce.com Inc.**, **H.J. Heinz Co.**, and **Agilent Technologies**.