

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.07 (-01 bps)	GNMA (30 Yr) 6% Coupon:	112-06/32 (1.26%)
6 Mo. T-Bill:	0.13 (unch.)	Duration:	3.45 years
1 Yr. T-Bill:	0.17 (unch.)	30-Year Insured Revs:	153.0% of 30 Yr. T-Bond
2 Yr. T-Note:	0.25 (-02 bps)	Bond Buyer 40 Yield:	3.95%
3 Yr. T-Note:	0.32 (-05 bps)	Crude Oil Futures:	88.91 (-.63)
5 Yr. T-Note:	0.62 (-07 bps)	Gold Futures:	1710.90 (-40.5)
10 Yr. T-Note:	1.61 (-08 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	2.81 (-02 bps)	BB, 7-10 Yr.:	5.36% (-14 bps)
		B, 7-10 Yr.:	6.61% (-23 bps)

Yields for Treasuries fell this week and prices were higher as concern increased that U.S. policy makers will not achieve a deal to avert the Fiscal Cliff. The Eurozone was in the headlines on Monday, sending Treasuries higher, as leaders met in Brussels to put together a plan for aid payments to Greece. According to Bloomberg, speculation as to whether leaders would achieve a deal continued on Tuesday, pushing Treasuries higher still. Also on Tuesday, October Durable Goods Orders were reported at 0%, beating expectations of -.7%. The S&P /Case-Shiller Home Price Index was reported at 146.22, increasing 3.64%YoY and .4% for the month of September. On Wednesday, an auction of 5 year notes drew better than expected demand while October New Home Sales missed expectations of 390k, printing at 368k and keeping a bid for safe assets in place. Thursday, October Pending Home Sales increased 5.2% against 1% expectations and Q3 GDP was reported at 2.7% vs. expectations of 2.8%. Despite falling in early Friday trading, Treasuries rallied after Republican House Speaker John Boehner stated that "no substantive progress" had been made on Fiscal Cliff budget talks. October Personal Income was reported flat and Spending dropped .2% as Treasuries closed the week higher. Major economic reports (and related consensus forecasts) for next week include: Monday: Nov. ISM Manufacturing (.5%) and November Total Vehicle Sales (14.8M); Wednesday: October Factory Orders (0%), Nov. ISM Non-Manufacturing Composite (53.5), Q3 Nonfarm Productivity and Unit Labor Costs (2.7% and -.9%, respectively); Friday: November Unemployment Rate (7.9%), October Consumer Credit (\$10B), and November Change in Non-Farm Payrolls (90k).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	13,025.58 (15.90, 0.12%)	Strong Sectors:	Utilities, Info Tech, Industrials
S&P 500:	1,416.18 (7.03, 0.50%)	Weak Sectors:	Energy, Financials, Telecom Services
S&P MidCap:	1000.15 (10.26, 1.04%)	NYSE Advance/Decline:	1,973/ 1,193
S&P Small Cap:	462.15 (7.87, -1.73%)	NYSE New Highs/New Lows:	289/ 59
NASDAQ Comp:	3,010.24 (43.39, 1.46%)	AAll Bulls/Bears:	40.9% / 34.4%
Russell 2000:	821.92 (14.74, 1.83%)		

Last week, the S&P 500 Index had positive performance with a 0.56% return. The week opened down from the previous week's close as investor's concerns turned to Greece and the coming political negotiations surrounding the fiscal cliff. Tuesday brought positive economic news with consumer confidence at a 4.5 year high and news that Greece secured a deal to reduce the country's debt. However, negative comments that fiscal cliff negotiations weren't going well from Senator Henry Reid push stocks further down. Wednesday opened down further over fiscal cliff concerns, but reversed early and closed in positive territory after House Speaker John Boehner said he was optimistic on a deal. Thursday opened higher as more positive economic data showed the U.S. economy grew faster in the 3<sup>rd</sup> quarter than initially thought and pending home sales rose more than expected in the month of October. US initial jobless claims came in at 393K. That was a decrease from the previous week's 410K and close to the consensus of 390K. Stocks closed up for the day even after House Speaker John Boehner said mid-day that no progress had been made in fiscal talks. Stocks closed flat on Friday as investors focused on the mixed remarks from Washington on the progress of the fiscal cliff talks. Eight of the ten economic sectors had positive performance last week. The utilities sector was the best performing sector with a 3.65% return for the week. Information technology and industrials sectors followed with 1.07% and 1.04% returns respectively. Energy's -0.60% return was the worst performance of all the sectors and was followed by financials and telecommunication services which returned -0.59% and 0.13% respectively. **Monster Beverage Corp**, which markets and distributes energy drinks and juices, turned in the best performance in the S&P 500 Index with a 13.30% gain. The next two best performers were **Advanced Micro Devices Inc.** and **Best Buy Co. Inc.** with returns of 12.82% and 12.05% respectively. This week will bring earnings news from companies such as **Brown-Forman Corp**, **AutoZone Inc.**, **H&R Block Inc.**, and **Big Lots Inc.**