

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.06 (unch.)	GNMA (30 Yr) 6% Coupon:	110-27/32 (2.27%)
6 Mo. T-Bill:	0.08 (unch.)	Duration:	3.62 years
1 Yr. T-Bill:	0.11 (-02 bps)	30-Year Insured Revs:	137.06% of 30 Yr. T-Bond
2 Yr. T-Note:	0.39 (+01 bps)	Bond Buyer 40 Yield:	5.14 (+01 bps)
3 Yr. T-Note:	0.77 (+04 bps)	Crude Oil Futures:	100.14 (+.82)
5 Yr. T-Note:	1.74 (+06 bps)	Gold Futures:	1,216.10 (+11)
10 Yr. T-Note:	3.00 (+11 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.94 (+12bps)	U.S. High Yield:	6.33% (-01 bps)
		BB:	5.07% (unch.)
		B:	6.33% (-02 bps)

Treasury prices continued to trade lower and the 10-year Treasury Note saw its yield rise to 3% - its highest yield over two years. Higher yields can be concerning because they may result in reduced spending from higher mortgage rates, increased corporate borrowing costs and are seen as less-simulative than lower yields. By tapering, the Federal Reserve has signaled its belief that the U.S. economy can expand even in the face of bond purchase reductions. Additionally, strong economic reports from this week supported increased yields. Economic data was generally positive and included Monday's Personal Income and Spending November reports. While both enjoyed increases versus the prior month, Income came in less than expected and Spending came in as expected. According to the Commerce Department lower earnings partly resulted from farmers who continue to face depressed commodity prices due to record harvests. Tuesday's November Durable Goods Orders had a 3.5% increase MoM. Strengthening durable goods orders are representative of continued economic expansion. Initial jobless claims were 338,000 vs the prior week's 379,000 – a drop of 41,000. Gold came slightly off recent lows but is still well off where it started 2013 and Oil was basically flat. Supplies have been increasing helping support the price after it had fallen to the low \$90 range in November. Major economic reports (and related consensus forecasts) for the upcoming holiday shortened week include: Tuesday: Consumer Confidence Index (76.3, +5.9); Wednesday: Initial Jobless Claims (345,000, +7,000) and ISM Manufacturing (56.9, -.4)

US Stocks			
Weekly Index Total Return:		Market Indicators:	
DJIA:	16,478.41 (1.59%)	Strong Sectors:	Materials, Telecom., Info. Tech
S&P 500:	1841.40 (1.31%)	Weak Sectors:	Utilities, Cons. Staples, Health Care
S&P MidCap:	1336.30 (1.35%)	NYSE Advance/Decline:	2,164 / 1,028
S&P Small Cap:	665.07 (1.20%)	NYSE New Highs/New Lows:	533 / 121
NASDAQ Comp:	4156.59 (1.30%)	AAII Bulls/Bears:	55.1% / 18.5%
Russell 2000:	1161.09 (1.33%)		

U.S. equity markets continued their onslaught on record highs again this week. The S&P 500 was up three out of the four trading days, each day setting a new all-time high for the broad U.S. benchmark. The S&P 500 closed just over 1841 up over 1.3% for the week. Japan's TOPIX index closed this week at its highest level since 2008 on continued speculation that their central bank will continue with stimulus, which has pushed the index is up nearly 53% for the year. Monday, **Apple Inc.** jumped nearly 4% on news that the company finally struck a deal with **China Mobile Ltd.** to bring the iPhone to China ending nearly six years of negotiations. The International Monetary Fund raised its U.S. economic outlook citing the budget deal in Washington and Federal Reserve's tapering plan as tailwinds for a strengthening U.S. economy. Tuesday, **Tesla Motors Inc.** rose over 5% as the National Highway Traffic Safety Administration reaffirmed the safety rating for the companies Model S. **Twitter Inc.** had a rocky week going from \$60.01 at last Fridays close up to \$73.31 on Thursday, only to be downgraded by some analysts and closed the week at \$63.75 on Friday. Spurring the rally up to \$73 was **Disney Company Co.** electing Jack Dorsey (co-founder of Twitter) as an independent director, speculating closer ties between the two companies. Then on Friday both Capital IQ and Macquarie analysts placed a sell rating on the stock sending the stock down just over 13%. As the year comes to a close on Tuesday next week, the U.S. equity markets continue to close in on one of the best years ever. The S&P 500 is up nearly 32% year to date which is the best year since 1997, the Dow Jones Industrial Average is up nearly 29% its best year since 1996.