

The Economy

The U.S. economy may have turned the corner in November thanks to a more positive than expected employment report. Non-farm payrolls declined by just 11,000, well below the consensus forecast of 125,000. Revisions to September and October's reports added 159,000 to payrolls. The unemployment rate fell from 10.2% to 10.0%. The Blue Chip Economic Indicators survey in November showed that economists raised their GDP estimate for 2010 for the fourth month in a row. Those polled upgraded the GDP growth rate from 2.5% in October to 2.7%.

Consumer Confidence 49.5 (Nov) 47.7 (Oct)	Crude Oil (Mo.-End) \$77.28 (Nov) \$77.00 (Oct)	Personal Spending 0.7% (Oct) -0.5% (Sep)	ISM Manufacturing 53.6 (Nov) 55.7 (Oct)	ISM Non-Manufacturing 48.7 (Nov) 50.6 (Oct)
Gold (Mo.-End) \$1181.10 (Nov) \$1040.40 (Oct)	Natural Gas (Mo.-End) \$4.85 (Nov) \$5.05 (Oct)	Factory Orders 0.6% (Oct) 0.9% (Sep)	New Home Sales 430,000 (Oct) 402,000 (Sep)	Existing Home Sales 6.10M (Oct) 5.57M (Sep)

The Stock Market

Indices (Source: Bloomberg)

	Nov.	12-mo.
S&P 500	6.0%	25.4%
DJIA	6.9%	21.1%
NASDAQ 100	6.1%	50.2%
S&P 400	4.1%	35.5%
Russell 2000	3.1%	24.5%
MSCI World (ex U.S.) (USD)	2.5%	38.8%
MSCI Emerging Markets (USD)	4.3%	84.5%

Growth/Value (Source: Bloomberg)

	Nov.	12-mo.
S&P 500 Citigroup Growth	5.8%	30.3%
S&P 500 Citigroup Value	6.3%	20.2%
S&P Midcap 400/Citigroup Growth	3.6%	39.9%
S&P Midcap 400/Citigroup Value	4.5%	31.2%
Russell 2000 Growth	3.1%	30.6%
Russell 2000 Value	3.2%	19.0%

One hundred and eleven out of the 134 subsectors that comprise the S&P 500 posted a gain in November, up from 39 last month. In November, the dividend-payers (360) in the S&P 500 (equal weight) posted a total return of 5.77%, vs. 4.86% for the non-payers (140), according to Standard & Poor's. Year-to-date, the payers are up 21.47%, vs. a gain of 54.13% for the non-payers. For the 12-month period ended November '09, payers were up 26.83%, vs. a gain of 60.11% for the non-payers. The number of dividend increases year-to-date totaled 137. That significantly lagged the 225 increases registered at this point in 2008. The number of companies that decreased their dividend totaled 68, up from 37 a year ago. Ten companies have suspended their dividend payments, down from 18 a year ago. There is one month remaining in this decade. The S&P 500 has posted a cumulative total return of -10.8% over the past 119 months, according to Bloomberg. Three out of the 10 major sectors that comprise the index are largely responsible for the poor showing: Technology (-54.1%); Telecom Services (-52.4%); and Financials (-21.7%). Here are the other seven from best to worst: Energy (+149.4%); Consumer Staples (+66.9%); Materials (+56.3%); Utilities (+52.4%); Health Care (+27.5%); Industrials (+6.9%); and Consumer Discretionary (-15.5%).

U.S. Dollar (U.S. Trade-Weighted Basket) -1.7% (Thru 11/27) -8.3% (Y-T-D thru 11/27) \$ was up 7.8% in '08	CBOE Total Equity Options (# of contracts in millions) Nov: 42.6 (-25.7%) Oct: 57.3 (+4.2%) Record 7/08: 67.2 million	Short Interest (NYSE) Nov 15: 13.2B (-1.5%) Oct 15: 13.4B (-0.7%) Record 7/08: 18.61 billion shares	VIX Volatility Index (S&P 500) 24.51 (11/30) 30.69 (10/30) Record 11/20/08: 80.86
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The Bond Market

Index (Source: Barclays)

	Nov.	12-mo.	Yield
U.S. Treasury: Intermediate	1.33%	2.69%	1.57%
GNMA 30 Year	1.31%	9.03%	3.70%
Municipal Bond (22+)	-0.31%	22.43%	5.34%
U.S. Aggregate	1.29%	11.63%	3.15%
Intermediate Corporate	1.56%	24.64%	4.01%
U.S. Corporate High Yield	1.01%	64.95%	9.77%
Global Aggregate	2.55%	18.01%	2.78%
Global Emerging Markets	1.77%	49.07%	6.39%

The yield on the 10-Yr. T-Bond fell 19 basis points in November closing at 3.20% - 28 basis points above its close (2.92%) on 11/08. While it is evident that municipal bonds took a breather in November (see chart), they have enjoyed an impressive run over the past 12 months considering that 46 states are operating in the red. States are facing a \$51 billion shortfall for fiscal 2010 (began July 1), according to CNNMoney.com. It could have been much worse had states not received a combined \$135 billion in federal stimulus funding. That being said, states have hiked taxes and fees by \$23.8 billion for fiscal 2010. Layoffs and cuts in services have been employed as well. Demand for municipals, particularly longer maturities, could be fueled by the sunset of the Bush tax cuts at the end of 2010 and less supply due to interest in Build America Bonds.

Key Rates as of November 30		Key Yield Spread		2009 Debt Issuance thru 10/09		
				(Source: Thomson Reuters)		
				Debt Category	\$ Amount	% change over '08
Fed Funds	0-0.25%	The spread between the Merrill Lynch High Yield Master II Index and the 10-Yr. T-Bond was 661 basis points on 11/30/09, down from 662 on 10/30/09. It was 1,860 on 11/30/08. (Source: Bloomberg)		Treasury	\$1.52 Trillion	+99.5%
2-Yr. T-Note	0.67%			Corporate	\$735.1 Billion	+12.2%
10-Yr. T-Bond	3.20%			Convertible	\$23.1 Billion	-32.4%
30-Yr. Mortgage	4.97%			Asset-Backed	\$127.1 Billion	-5.9%
Bond Buyer 40	5.43%			Municipal	\$334.6 Billion	-2.5%
(Source: Bloomberg)						

The Investment Climate

Net cash outflows from equity funds totaled \$7.1 billion in 10/09, vs. \$10.4 billion of outflows in 9/09, according to the Investment Company Institute. Bond fund inflows totaled \$45.0 billion, vs. \$47.6 billion of inflows in 9/09. Money Market fund outflows totaled \$71.8 billion, vs. \$126.9 billion of outflows in 9/09. Y-T-D thru October, equity fund outflows totaled \$1.9B, vs. \$312.8B of bond fund inflows & \$489.8B of MMF outflows.

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	1565.15	10/09/07	676.53	03/09/09	1095.63	-30.00%	24.07%	2.22%
S&P 500/Citigroup Growth	953.77	03/27/00	363.99	03/09/09	570.83	-40.15%	28.83%	1.58%
S&P 500/Citigroup Value	836.19	07/13/07	307.16	03/09/09	517.02	-38.17%	19.07%	2.96%
S&P 400	926.23	07/13/07	372.88	10/09/02	684.77	-26.07%	29.27%	1.54%
S&P 400/Citigroup Growth	383.7	06/05/08	162.27	10/09/02	297.99	-22.34%	33.70%	0.68%
S&P 400/Citigroup Value	361.18	06/04/07	122.86	02/25/00	247.28	-31.54%	24.93%	2.37%
S&P 100	832.65	03/24/00	322.13	03/09/09	510.74	-38.66%	21.30%	2.31%
DJIA	14164.53	10/09/07	6547.05	03/09/09	10344.84	-26.97%	21.52%	2.67%
NASDAQ 100	4704.73	03/27/00	804.64	10/07/02	1767.43	-62.43%	46.87%	0.65%
Russell 2000	855.77	07/13/07	327.04	10/09/02	579.73	-32.26%	17.70%	1.44%
Russell 2000 Growth	498.17	03/27/00	169.69	10/09/02	316.36	-36.50%	23.86%	0.69%
Russell 2000 Value	1276.63	06/04/07	465.24	04/14/00	806.96	-36.79%	12.09%	2.15%
Russell 3000	907.58	10/09/07	389.61	03/09/09	636.04	-29.92%	24.81%	2.08%
MSCI World x U.S. (USD)	2389.57	10/31/07	809.32	03/12/03	1573.66	-34.14%	31.95%	N/A
MSCI Emerging Markets (USD)	1338.49	10/29/07	245.64	09/21/01	953.13	-28.79%	71.50%	N/A
Bovespa/Brazil (USD)	73516.81	05/20/08	8370.88	10/16/02	67044.438	-8.80%	82.49%	2.91%
RTS/Russia (USD)	2487.92	05/19/08	107.57	12/10/99	1374.93	-44.74%	121.10%	1.22%
Bombay SE 500/India (USD)	8882.28	01/07/08	792.18	09/21/01	6584.98	-25.86%	85.25%	1.01%
Shanghai Composite/China (USD)	6092.057	10/16/07	1011.499	07/11/05	3195.301	-47.55%	78.06%	1.25%
Hang Seng (USD)	31638.22	10/30/07	8409.01	04/25/03	21821.5	-31.03%	56.23%	2.43%
MSCI Euro (USD)	1590.66	03/06/00	539.93	03/09/09	831.28	-47.74%	21.14%	3.78%
S&P Consumer Discretionary	318.54	06/04/07	125.72	03/09/09	225.31	-29.27%	35.20%	2.70%
S&P Consumer Staples	306.61	12/10/07	150.55	03/14/00	276.11	-9.95%	15.20%	2.83%
S&P Energy	668.81	05/20/08	163.83	07/23/02	434.25	-35.07%	14.91%	2.07%
S&P Utilities	223.91	12/10/07	77.27	10/09/02	150.16	-32.94%	6.04%	4.40%
S&P Financials	509.55	02/20/07	81.74	03/06/09	197.02	-61.33%	19.03%	1.83%
S&P Banks	414.38	02/20/07	49.02	03/05/09	130.93	-68.40%	-2.47%	2.15%
FTSE NAREIT Equity REITs	676.54	02/07/07	163.57	03/06/09	325.14	-51.94%	19.70%	4.48%
S&P Health Care	444.98	12/28/00	252.84	03/05/09	355.43	-20.12%	17.26%	2.07%
S&P Pharmaceuticals	496.83	12/28/00	214.5	03/03/09	303.44	-38.92%	17.17%	3.60%
NYSE Arca Biotechnology	964.97	09/21/09	280.09	07/10/02	888.15	-7.96%	37.24%	1.78%
S&P Information Technology	988.49	03/27/00	172.88	10/09/02	351.1	-64.48%	53.12%	0.91%
Philadelphia Semiconductor	1332.73	03/10/00	171.32	11/20/08	310.05	-76.74%	48.62%	1.40%
S&P Telecom Services	337.55	12/13/99	79	09/30/02	109.62	-67.52%	4.10%	5.62%
S&P Industrials	381.16	10/09/07	132.83	03/09/09	240.3	-36.96%	19.39%	2.72%
S&P Materials	285.91	05/16/08	102.55	10/09/02	197.04	-31.08%	46.22%	1.90%
Philadelphia Gold & Silver	206.37	03/14/08	41.85	11/17/00	183.71	-10.98%	49.14%	0.45%
Reuters/Jefferies CRB	473.52	07/02/08	183.52	10/22/01	277.4	-41.42%	20.85%	N/A
Merrill Lynch Perpetual Preferred	197.851	05/08/07	51.791	03/09/09	128.162	-35.22%	20.41%	8.24%
Merrill Lynch High Yield Master II	220.349	11/27/09	106.667	10/10/02	220.031	-0.14%	53.29%	9.81%