

## The Economy

While we have consistently monitored and commented on the monthly job growth numbers throughout this recovery, a recent study shows there could be significant pent-up demand with respect to consumer spending. Americans have been possessing their consumer durable goods (typically last at least three years) longer than at any point in the last 50 years, according to MSN.com. This suggests that the consumer may not be dead, as some pundits have surmised. The average age of such items as furniture, appliances and computers is the highest since 1962, according to the Bureau of Economic Analysis (BEA). Cars and luggage were the only two categories of the 17 tracked by the BEA that saw a decrease in average age in 2012.

<b>Consumer Confidence</b> <b>70.4</b> (Nov) 71.2 (Oct)	<b>Crude Oil (Mo.-End)</b> <b>\$92.72</b> (Nov) \$96.38 (Oct)	<b>Personal Spending</b> <b>+0.3%</b> (Oct) Sep was +0.2%	<b>ISM Manufacturing</b> <b>57.3</b> (Nov) 56.4 (Oct)	<b>ISM Non-Manufacturing</b> <b>53.9</b> (Nov) 55.4 (Oct)
<b>Gold (Mo.-End)</b> <b>\$1250.60</b> (Nov) \$1323.70 (Oct)	<b>Natural Gas (Mo.-End)</b> <b>\$3.95</b> (Nov) \$3.58 (Oct)	<b>Factory Orders</b> <b>-0.9%</b> (Oct) Sep was +1.7%	<b>New Home Sales</b> <b>444,000</b> (Oct) 354,000 (Sep)	<b>Existing Home Sales</b> <b>5.12M</b> (Oct) 5.29M (Sep)

## The Stock Market

### Indices (Source: Bloomberg)

	Nov	12-mo.
S&P 500	3.0%	30.3%
DJIA	3.8%	26.6%
NASDAQ 100	3.5%	32.4%
S&P 400	1.3%	32.3%
Russell 2000	4.0%	41.0%
Russell 3000	2.9%	31.7%
MSCI World (ex U.S.) (USD)	0.6%	22.8%
MSCI Emerging Markets (USD)	-1.5%	3.7%

### Growth/Value (Source: Bloomberg)

	Nov	12-mo.
S&P 500 Growth	3.3%	29.1%
S&P 500 Value	2.8%	31.7%
S&P 400 Growth	1.7%	30.1%
S&P 400 Value	1.0%	34.5%
Russell 2000 Growth	4.1%	44.5%
Russell 2000 Value	3.9%	37.6%

Ninety-nine out of the 134 subsectors (74%) that comprise the S&P 500 posted a gain in November, down slightly from 110 (82%) last month, according to S&P Dow Jones Indices. Health Care was the best performing sector, up 4.70%. In November, the dividend-payers (418) in the S&P 500 (equal weight) posted a total return of 6.80%, vs. 5.53% for the non-payers (82), according to Standard & Poor's. Y-T-D, the payers were up 36.84%, vs. a gain of 41.52% for the non-payers. For the 12-month period ended November, payers were up 39.68%, vs. a gain of 46.39% for the non-payers. The number of dividend increases y-t-d through November totaled 340, up from 309 at this point a year ago. Twelve dividends were cut, compared to 10 at this point a year ago. *Kiplinger's Personal Finance* released its 2014 forecast for the stock market and it is optimistic. It notes that while the current bull market is approximately 56 months old, it is not that out of line with the 53-month average posted since 1947. There have been five other bull markets longer than 56 months and they were as follows: 10/90-3/00 (113 months); 6/49-8/56 (86 months); 10/74-11/80 (74 months); 8/82-8/87 (60 months); and 10/02-10/07 (60 months), according to data from S&P Dow Jones Indices. *Kiplinger* sees equity returns approaching 9.50% to 10.00%, on a total return basis, in 2014.

<b>U.S. Dollar Index (DXY)</b> <b>0.6%</b> (Nov) +1.1% (YTD) \$ was down 0.5% in '12	<b>CBOE Total Equity Options</b> (# of contracts in millions) Nov: <b>38.1</b> (-17.2%) Oct: 46.0 (+28.9%) Record 7/08: 67.2 million	<b>Short Interest (NYSE)</b> Nov 15: <b>13.9B</b> (+0.7%) Oct 15: 13.8B (-1.4%) Record 7/08: 18.61 billion shares	<b>VIX Volatility Index (S&amp;P 500)</b> <b>13.70</b> (11/29) 13.75 (10/31) Record 11/20/08: 80.86
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## The Bond Market

### Index (Source: Barclays)

	Nov	12-mo.	Yield
U.S. Treasury: Intermediate	-0.06%	-0.76%	0.94%
GNMA 30 Year	-0.81%	-1.57%	3.27%
Municipal Bond (22+)	-0.25%	-7.18%	4.78%
U.S. Aggregate	-0.37%	-1.61%	2.33%
Intermediate Corporate	0.09%	0.54%	2.40%
U.S. Corporate High Yield	0.51%	8.55%	5.60%
Global Aggregate	-0.82%	-2.34%	1.98%
EM Hard Currency Agg.	-0.98%	-1.95%	4.93%

### Key Yield Spread

The spread between the Merrill Lynch U.S. High Yield Constrained Index and the 10-Yr. T-Note was 357 basis points on 11/29/13, down from 381 on 10/31/13. It was 540 on 11/30/12.

(Source: Bloomberg)

### 2013 Debt Issuance Through October

(Source: Thomson Reuters)

Debt Category	\$ Amount	% change over '12
Treasury	\$1.79 Trillion	-8.3%
Corporate	\$1.17 Trillion	+5.2%
Convertible	\$32.5 Billion	+83.9%
Asset-Backed	\$156.6 Billion	-9.7%
Municipal	\$278.8 Billion	-11.9%

### Key Rates as of November 29

Fed Funds	0-0.25%
2-Yr. T-Note	0.28%
10-Yr. T-Note	2.75%
30-Yr. Mortgage	4.38%
Bond Buyer 40	5.07%

(Source: Bloomberg)

Equity funds reported net *inflows* totaling \$21.1 billion in 10/13, vs. \$2.6 billion (revised down) of net *inflows* in 9/13, according to the Investment Company Institute. Bond funds reported net *outflows* totaling \$15.6 billion, vs. \$11.6 billion (revised down) of net *outflows* in 9/13. Money Market fund net *outflows* totaled \$12.1 billion, vs. \$45.7 billion (revised up) of net *inflows* in 9/13. Year-to-date through October, equity funds reported net *inflows* totaling \$134.4 billion, vs. \$39.8 billion of net *outflows* for bond funds (municipals had net *outflows* totaling \$44.0B) and \$34.1 billion of net *outflows* for MMFs.

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	1807.23	11/27/13	676.53	03/09/09	1805.81	-0.08%	29.12%	1.97%
S&P 500 Growth	967.71	11/29/13	363.99	03/09/09	967.71	0.00%	29.26%	1.71%
S&P 500 Value	836.19	07/13/07	307.16	03/09/09	828.91	-0.87%	28.96%	2.27%
S&P 400	1311.77	11/15/13	404.62	03/09/09	1304.18	-0.58%	29.46%	1.50%
S&P 400 Growth	592.55	11/27/13	174.44	11/20/08	590.22	-0.39%	28.45%	1.14%
S&P 400 Value	456.69	11/15/13	144.98	03/09/09	452.97	-0.81%	30.49%	1.86%
S&P 100	806.36	11/29/13	322.13	03/09/09	806.36	0.00%	27.45%	2.15%
DJIA	16097.33	11/27/13	6547.05	03/09/09	16086.41	-0.07%	25.64%	2.13%
NASDAQ 100	3487.82	11/29/13	1036.51	11/20/08	3487.82	0.00%	32.90%	1.42%
Russell 2000	1142.89	11/29/13	343.26	03/09/09	1142.89	0.00%	36.14%	1.50%
Russell 2000 Growth	674.78	11/29/13	190.73	03/09/09	674.78	0.00%	40.42%	0.88%
Russell 2000 Value	1467.34	11/29/13	469.32	03/09/09	1467.34	0.00%	32.02%	2.11%
Russell 3000	1082.32	11/27/13	389.61	03/09/09	1081.59	-0.07%	30.13%	1.89%
MSCI World x U.S. (USD)	5379.90	10/31/07	2131.84	03/09/09	5080.40	-5.57%	19.23%	3.05%
MSCI Emerging Markets (USD)	473.36	10/29/07	128.72	05/17/04	416.52	-12.01%	-1.17%	2.61%
Bovespa/Brazil (USD)	44638.24	05/19/08	5634.22	05/10/04	22579.91	-49.42%	-24.32%	4.26%
RTS/Russia (USD)	2487.92	05/19/08	498.20	01/23/09	1402.93	-43.61%	-4.41%	1.92%
Bombay SE 500/India (USD)	226.04	01/07/08	39.16	05/17/04	121.67	-46.17%	-10.34%	1.52%
Shanghai Composite/China (USD)	810.24	10/16/07	122.21	07/11/05	364.38	-55.03%	3.12%	2.87%
KOSPI/South Korea (USD)	2.29	10/31/07	0.62	05/17/04	1.93	-15.70%	3.77%	1.15%
Hang Seng (USD)	4082.25	10/30/07	1406.13	05/17/04	3080.34	-24.54%	9.14%	3.22%
MSCI Euro (USD)	1988.53	10/31/07	680.91	03/09/09	1339.35	-32.65%	26.90%	3.25%
S&P Consumer Discretionary	519.14	11/29/13	125.72	03/09/09	519.14	0.00%	39.82%	1.34%
S&P Consumer Staples	446.03	11/15/13	199.80	03/09/09	441.58	-1.00%	25.40%	2.84%
S&P Energy	668.81	05/20/08	196.96	11/30/03	632.66	-5.41%	21.26%	2.12%
S&P Utilities	223.91	12/10/07	111.24	11/30/03	192.17	-14.18%	12.18%	4.04%
S&P Financials	509.55	02/20/07	81.74	03/06/09	288.92	-43.30%	32.75%	1.65%
S&P Banks	414.38	02/20/07	49.02	03/05/09	203.06	-51.00%	31.56%	2.28%
FTSE NAREIT Equity REITs	676.54	02/07/07	163.57	03/06/09	510.21	-24.59%	2.26%	3.84%
S&P Health Care	640.91	11/25/13	252.84	03/05/09	638.06	-0.44%	40.30%	1.65%
S&P Pharmaceuticals	492.39	11/25/13	214.50	03/03/09	487.94	-0.90%	34.56%	2.68%
NYSE Arca Biotechnology	2312.41	11/29/13	447.78	08/09/04	2312.41	0.00%	49.63%	0.14%
S&P Information Technology	562.36	11/29/13	198.51	11/20/08	562.36	0.00%	23.31%	1.61%
Philadelphia Semiconductor	560.65	01/12/04	171.32	11/20/08	510.25	-8.99%	35.19%	1.77%
S&P Telecom Services	181.06	05/31/07	88.10	03/09/09	156.05	-13.81%	11.78%	4.69%
S&P Industrials	436.62	11/27/13	132.83	03/09/09	434.91	-0.39%	34.93%	1.94%
S&P Materials	285.91	05/16/08	108.33	03/02/09	278.88	-2.46%	19.83%	2.33%
Philadelphia Gold & Silver	228.95	04/08/11	64.36	10/27/08	86.46	-62.24%	-46.65%	2.96%
Reuters/Jefferies CRB	473.52	07/02/08	200.34	03/02/09	274.88	-41.95%	-6.82%	N/A
Merrill Lynch Perpetual Preferred	197.97	05/08/13	51.79	03/09/09	185.45	-6.32%	-1.26%	5.99%
Merrill Lynch High Yield Constrained	336.31	11/29/13	130.37	12/12/08	336.31	0.00%	6.80%	6.32%