

Economic & Market Review

~ November 2010 Investment Newsletter ~

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Monthly Summary

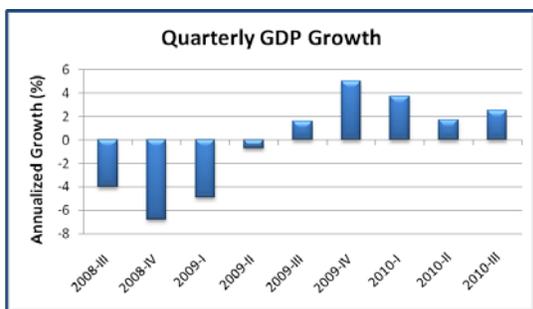
Financial markets began the month of November strong as election results, economic reports and the Federal Reserve's announcement regarding QE2 were all received favorably. These factors added fuel to the rally which began September 1. Considering the significant upward move during this relatively short period of time, the markets only needed a bit of negative news to warrant a consolidation. That negative news came from Europe, as Ireland debt woes hit the forefront. As with Greece earlier in the year, fear of contagion spread, causing equity markets to fall and the dollar to rally. U.S. stocks gave back gains achieved during the first week of the month and ended the period about where they started. In local currency terms, international markets fared about the same. However, for U.S. dollar based investors, the increase in the dollar caused the MSCI EAFE index to drop almost 5% for the month. This broad international equity index is now in the red for the year-to-date. We are hopeful that the consolidation of financial markets the last three weeks of November was sufficient to set the stage for further gains into year-end.

November's Economic Releases

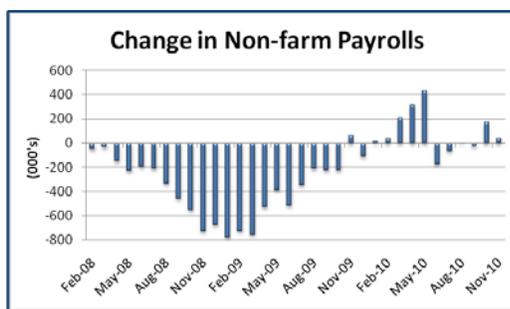
General	Prior	Current
GDP growth	1.7% (Q2)	2.5% (Q3)
Trade balance	-\$46.5 B (Aug)	-\$44.0 B (Sept)

Employment	Prior	Current
Initial jobless claims	410,000	436,000
Continuing claims	4.2 MM	4.3 MM
Nonfarm payrolls	172,000 (Oct)	39,000 (Nov)
Unemployment rate	9.6 (Oct)	9.8 (Nov)
Average weekly hours	34.3(Oct)	34.3 (Nov)

Manufacturing & Service	Prior	Current
ISM manufacturing index	54.4 (Sept)	56.9(Oct)
ISM non-manufacturing index	53.2 (Sept)	54.3 (Oct)
Durable goods orders growth	3.5% (Sept)	-3.3% (Oct)
Industrial production growth	-0.2% (Sept)	0.0% (Oct)
Capacity utilization	74.8% (Sept)	74.8% (Oct)



Data Source: U.S. Department of Commerce



Data Source: U.S. Department of Labor



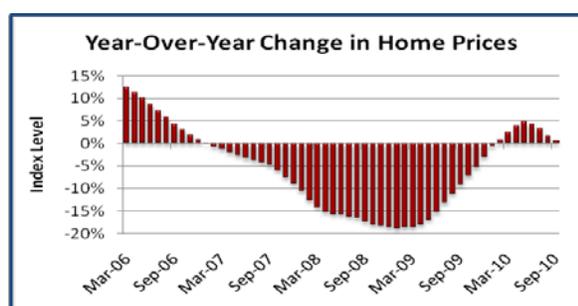
Consumer	Prior	Current
Consumer confidence index (Conf. Board)	49.9(Oct)	54.1 (Nov)
Retail sales growth (YoY)	3.9% (Aug)	7.7% (Sept)
Consumer credit	-\$4.9 B (Aug)	+\$2.1 B (Sept)

Real Estate	Prior	Current
New home sales	308,000 (Sept)	283,000 (Oct)
Existing home sales	4.53 MM (Sept)	4.43 MM (Oct)
Case-Shiller home price index (YoY)	1.7% (Aug)	0.6% (Sept)

Inflation	Prior	Current
Consumer price index/Core (YoY growth)	1.1%/0.8% (Sept)	1.2%/0.6% (Oct)
Producer price index/Core (YoY growth)	4.0%/1.6% (Sept)	4.3%/1.5% (Oct)



Data Source: The Conference Board



Data Source: S&P/Case-Shiller

Market Returns

The S&P 500 index was even for the month and remains up 7.8% for the year. Developed international equity markets, as defined by the MSCI EAFE index, were down 4.8% for the month and are now down 0.3% year-to-date. Emerging markets also declined in November, however, they were less negatively impacted by currency. The MSCI Emerging Markets index declined 2.6% bringing the year-to-date return to a positive 11.0%.

In the Fixed Income market, the 10 year U.S. Treasury backed up in yield from 2.6% to 2.8% (still down quite a bit from 3.8% where it began the year). The Barclays U.S. Aggregate index lost 0.6% for the month, now up 7.7% year-to-date. Global Bonds took a larger hit due to the rise in the dollar, with the Barclays Global Aggregate down 3.8% in November, still up 4.2% for the year. Commodities dropped 0.4% and real estate dropped 1.7% for the month.

Disclaimers

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