

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.00 (unch.)	GNMA (30 Yr) 6% Coupon:	112-00/32 (1.43%)
6 Mo. T-Bill:	0.03 (-02 bps)	Duration:	3.59 years
1 Yr. T-Bill:	0.08 (-03 bps)	30-Year Insured Revs:	210.7% of 30 Yr. T-Bond
2 Yr. T-Note:	0.21 (-07 bps)	Bond Buyer 40 Yield:	4.99% (-03 bps)
3 Yr. T-Note:	0.36 (-12 bps)	Crude Oil Futures:	94.36 (+1.04)
5 Yr. T-Note:	0.87 (-25 bps)	Gold Futures:	1758.60 (11.40)
10 Yr. T-Note:	2.03 (-28 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.08 (-28 bps)	BB, 7-10 Yr.:	6.62% (+06 bps)
		B, 7-10 Yr.:	8.19% (+13 bps)

U.S. Treasuries rallied this week on concerns that the European rescue plan may unravel as early in the week Greek Prime Minister George Papandreou said he would put it to a referendum. By Thursday, the referendum was off the table and the ECB unexpectedly lowered rates which temporarily reduced the safe haven demand but did not offset the rally. In economic news the ISM Manufacturing Index for October was reported at 50.8, less than the estimate of 52.0. October vehicle sales were reported Tuesday with total sales of 13.2 million annualized matching expectations and domestic sales reported at 10.29 million, slightly below the estimate of 10.30 million. Wednesday, the Federal Reserve made no changes to interest rates and did not mention additional rounds of further quantitative easing. Thursday, 3rd quarter nonfarm productivity growth was reported at 3.1%, slightly higher than the estimate of 3.0%. In addition, the ISM non-manufacturing composite was reported at 52.9, slightly below the estimate of 53.5. Nonfarm payrolls increased 80,000 in October, below the consensus estimate of 95,000 while the unemployment rate ticked down from 9.1% to 9.0%. Major economic reports (and related consensus forecasts) for next week include: Monday: September Consumer Credit (\$5.2B); Wednesday: September Wholesale Inventories (0.5%); Thursday: October Import Price Index (0.1%, 12.3% YoY), September Trade Balance (-\$46.2B), October Monthly Budget Statement (-\$105.0B); Friday: November U of M Consumer Confidence (61.5).

Weekly Index Performance:		Market Indicators:	
DJIA:	11983.24(-247.87, -2.03%)	Strong Sectors:	Utilities, Consumer Services, technology
S&P 500:	1253.23 (-31.86, -2.48%)	Weak Sectors:	Financials, Health Care, Materials,
S&P MidCap:	899.46 (-11.18, -1.23%)	NYSE Advance/Decline:	1,023 / 2,119
S&P Small Cap:	411.19 (-7.37, -1.76%)	NYSE New Highs/New Lows:	113 / 57
NASDAQ Comp:	2686.15 (-51, -1.86%)	AAll Bulls/Bears:	40.2% / 29.6%
Russell 2000:	746.49 (-14.51, 1.91%)		

Last week's markets and headlines were driven by two outstanding issues, Greece's instability and the default of **MF Global**. Initially, it appeared an agreement was in place to stabilize Greece by giving the country's debt a 50% haircut and expanding the bailout fund to €1 trillion. However, markets were negatively surprised when George Papandreou, Greece's Prime Minister, announced plans to hold a referendum to approve the measures. Under pressure from the EU, Papandreou would back away from his planned referendum adding some relief to an already weary market. On Monday, Wall Street brokerage firm, MF Global, announced its bankruptcy. MF Global's collapse is the largest since Lehman Brothers in 2008. The firm's insolvency is believed to be caused by leveraged bets that Italian and Spanish sovereign bonds would increase in value. In its bankruptcy filing, MF Global disclosed it had approximately \$1 billion in equity supporting \$40 billion in assets. On Wednesday, **Abercrombie and Fitch** fell 19.93% after announcing slowing same store sales at its European, Canadian and Japanese stores. Thursday, **Starbucks** reported better than expected earnings beating the Street by one cent with \$.37 normalized EPS. The stock responded favorably advancing 6.74%. Also doing well was energy company, **Canadian Natural Resources**. Canada's second largest energy company grew earnings over 40% from last year causing shares to surge 9.3%. On Friday, the much awaited IPO of **Groupon** made its debut. Shares initially priced at \$20, opened trading at \$28, reaching as high as \$31.14 before closing at \$26.11, giving the company a 30.55% gain on the day. Looking ahead, next week is Election day and Veterans Day in the States, China will announce its trade balance, **General Motors**, **Green Mountain Coffee**, **Kohl's**, and **Petrobras** will all report earnings.