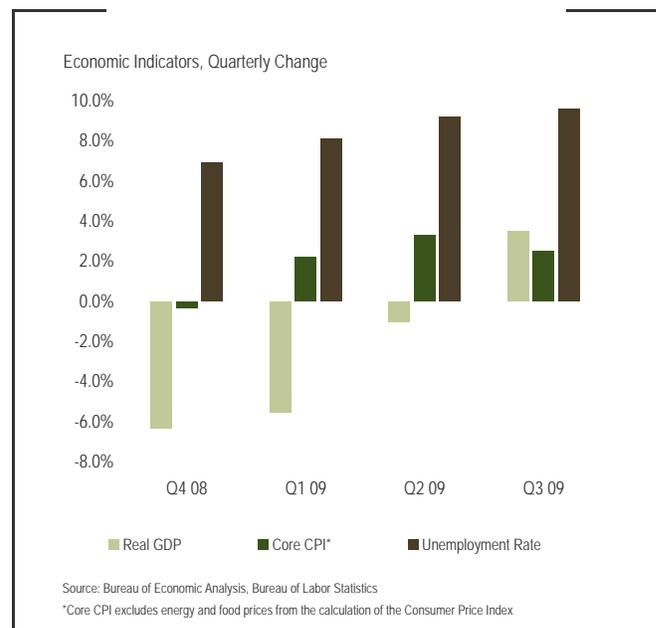


## Economic Update

The Conference Board Leading Economic Index advanced 0.3% in October, marking the sixth consecutive month of gains. The Conference Board noted that the gains are “broad-based” and suggest that economic activity will continue to improve. Six of the ten composite indicators were positive for the month, led by the interest rate spread and average weekly initial unemployment claims. The U.S. Department of Labor announced Thursday that initial claims for unemployment insurance for the week ending November 14 remained unchanged at 505,000. Separately, the Labor Department reported that 29 states and Washington D.C. reported increases in the unemployment rate over the month. However, the net change for regional and state unemployment rates remained essentially unchanged last month.

Builder confidence remained flat at a low level in November, as shown by the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI). The index also indicated that expectations for sales activity to strengthen in the coming months increased slightly. NAHB Chief Economist David Crowe noted that this report reflects the anticipation of the home-buyer tax credit expiring. Additionally, NAHB reported that the survey showed that one-third of respondents have lost sales following low appraisal values. The NAHB also announced that housing affordability remained near the highest level in the third quarter. The NAHB/Wells Fargo Housing Opportunity Index indicated that 70.1% of homes sold in the quarter were affordable to families that earned the national median income of \$64,000.

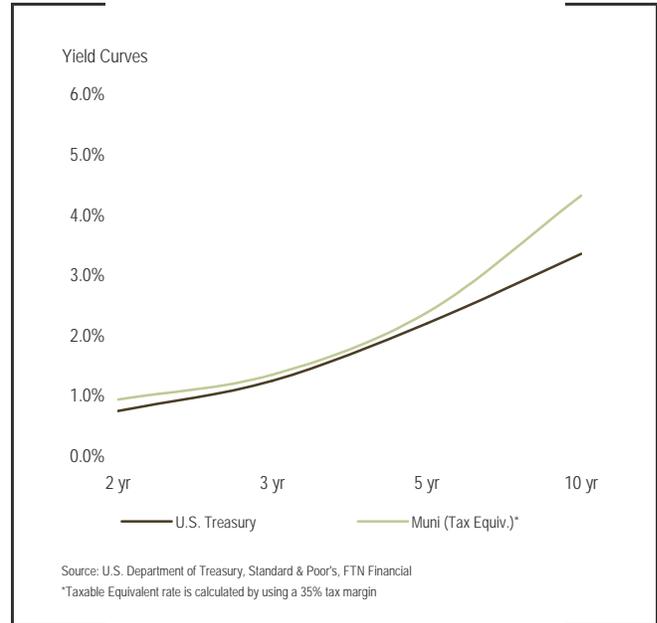
The Department of Labor reported that the Consumer Price Index (CPI) increased 0.3% in October—down 0.2% in the last year, seasonally adjusted. CPI excluding food and energy prices rose 0.2% for the month and prices are 1.7% higher than one year ago. The Producer Price Index for finished goods also climbed 0.3% in October on a seasonally adjusted basis. Finished goods excluding food and energy declined 0.6% last month, while prices rose 0.3% for intermediate goods and 5.4% for crude goods.



Nov. 16 <sup>th</sup>	Retail Sales, October Monthly Chg.	1.4%
Nov. 16 <sup>th</sup>	Empire State Mfg Survey, November	23.5
Nov. 16 <sup>th</sup>	Business Inventories, September Monthly Chg.	-0.4%
Nov. 17 <sup>th</sup>	ICSC-Goldman Same Store Sales, Wkly. Chg.	-0.1%
Nov. 17 <sup>th</sup>	Producer Price Index, October Monthly Chg.	0.3%
Nov. 17 <sup>th</sup>	Frgn Dmnd for LT US Securities, September	40.7B
Nov. 17 <sup>th</sup>	Industrial Production, October Monthly Chg.	0.1%
Nov. 18 <sup>th</sup>	MBA Purchase Applications Index, Wkly. Chg.	-4.7%
Nov. 18 <sup>th</sup>	Consumer Price Index, October Monthly Chg.	0.3%
Nov. 18 <sup>th</sup>	Housing Starts, October	529,000
Nov. 18 <sup>th</sup>	EIA Petroleum Status Report, Wkly. Chg.	-0.9M Barrels
Nov. 19 <sup>th</sup>	Initial Jobless Claims ( Week ending 11/14)	505,000
Nov. 19 <sup>th</sup>	Leading Indicators, October Monthly Chg.	0.3%
Nov. 19 <sup>th</sup>	EIA Natural Gas Report, Wkly. Chg.	20 bcf
Nov. 19 <sup>th</sup>	Philidelphia Fed Survey, November	16.7

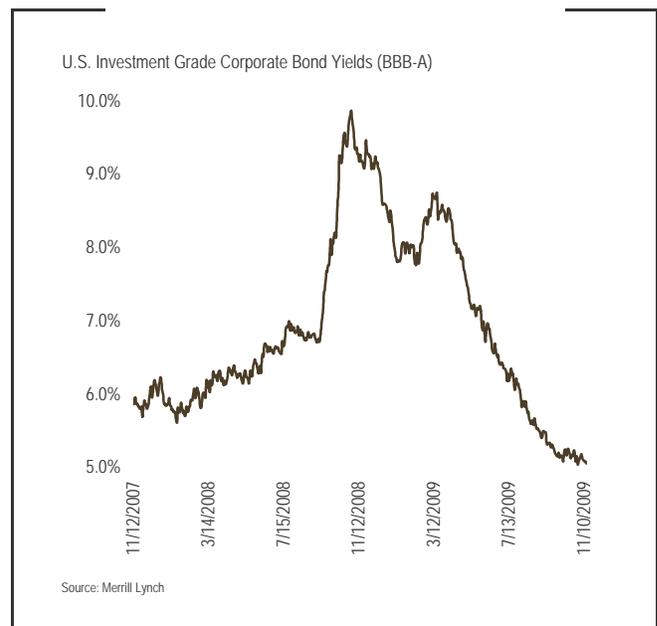
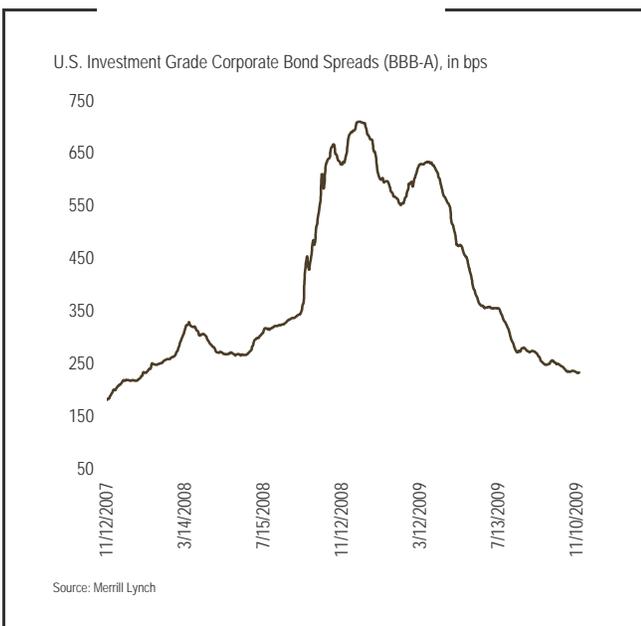
Bond Market Update

Among a plethora of important economic releases, U.S. Treasury bonds were mixed for the week. Releases of the Consumer Price Index (CPI) and Producer Price Index (PPI) often cause excess volatility in the bond markets, but as these two releases were fairly close to consensus estimates, and continue to show benign inflation, bonds were little changed on these results. For the most part, the short-end of the yield curve rallied and the long-end stayed about the same. Most of the interest happened in the shortest part of the yield curve on Thursday. Shortly following Treasury Secretary Geithner's appearance at congressional hearings, it was observed that yields on some T-bills actually went negative for part of the trading session. The last time T-bills had negative yields was back in the fall of 2008, at the time of the Lehman Brothers collapse and bankruptcy. This time, the negative yields are thought to be more the result of a lack of supply of the shortest maturity Treasuries. General Electric (GE) made history as the first U.S. company to issue an Islamic bond, called a sukuk, for \$500 million. Given how successful this offer was, GE is expected to use this market as a growing source of capital.



Issue	11.13.09	11.20.09	Change
3 month T-Bill	0.06%	0.02%	-0.04%
2-Year Treasury	0.82%	0.75%	-0.07%
5-Year Treasury	2.28%	2.20%	-0.08%
10-Year Treasury	3.43%	3.36%	-0.07%
30-Year Treasury	4.36%	4.30%	-0.06%

Source: Bloomberg, FTN Financial, The Wall Street Journal, U.S. Department of Treasury.



Stock Market Update

After closing at a 13-month high on Tuesday, stocks sold off to end the week mixed relative to last week. The Dow Jones Industrial Average (DJIA) gained 47.69 points or 0.46% to end the week at 10,318.16. However, the broader S&P 500 lost 2.1 points, or 0.19% to close at 1,091.38. Stocks saw weakness from technology companies and general concern about the state of the economic recovery loomed over stocks when the weekly change in jobless claims was unchanged since last week and housing starts were weaker than expected.

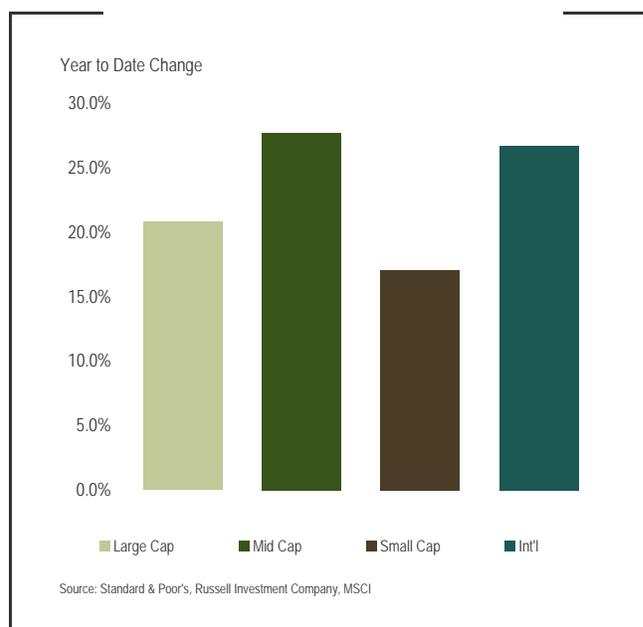
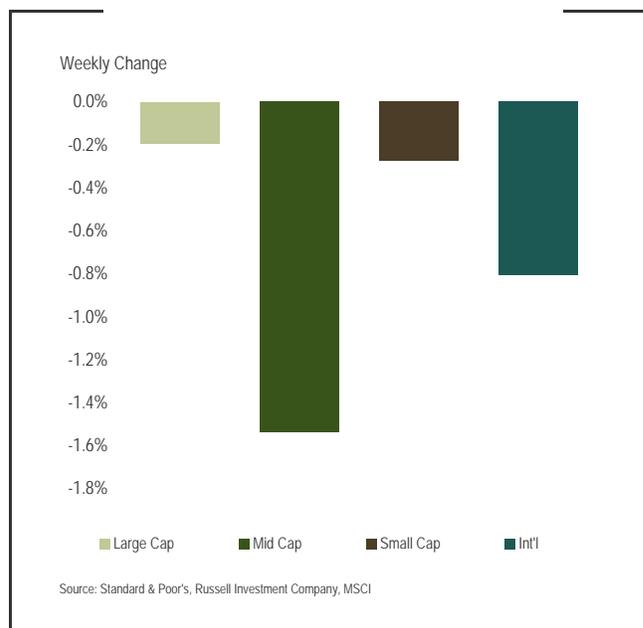
Stocks were in positive territory until Thursday when the DJIA traded down by as much as 167 points. The weakest Dow component was Intel (INTC), which lost 4.08% on Thursday when a Bank of America Merrill Lynch analyst downgraded eight chip makers, including Intel, according to the Wall Street Journal. In more technology company weakness, PC maker Dell (DELL) dropped nearly 10% on Friday after announcing that its revenue was down 15% year over year, falling short of analyst expectations. The tech-heavy NASDAQ Composite Index lost 1.01% this week, closing at 2,146.04.

S&P 500 sectors ended the week mixed with health care and materials posting gains of 2.05% and 1.34%, respectively. The sector laggards were consumer discretionary and energy stocks, losing 1.14% and 1.17%, respectively.

International equities sold off this week amid concerns that the European Central Bank would phase out its economic stimulus measures, thus threatening the global economic recovery, according to Bloomberg. In Europe, the DJ Euro Stoxx 50 Index lost 1.73% while heavier losses were seen in Japan as the NIKKEI 225 lost 2.79% on the week.

Issue	11.13.09	11.20.09	Change
Dow Jones	10,270.47	10,318.16	0.46%
S&P 500	1,093.48	1,091.38	-0.19%
NASDAQ	2,167.88	2,146.04	-1.01%
Russell 1000 Growth	486.63	484.97	-0.34%
S&P MidCap 400	698.26	687.54	-1.54%
Russell 2000	586.28	584.68	-0.27%
MSCI EAFE	1,581.11	1,568.37	-0.81%
MSCI EM	958.88	968.46	1.00%
MSCI Small Cap	144.77	143.37	-0.97%

Prices reflect most recent data available at the time of publication  
Source: Bloomberg, Russell Investment Company, Standard & Poor's, Morgan Stanley Capital International, The Wall Street Journal, MarketWatch.



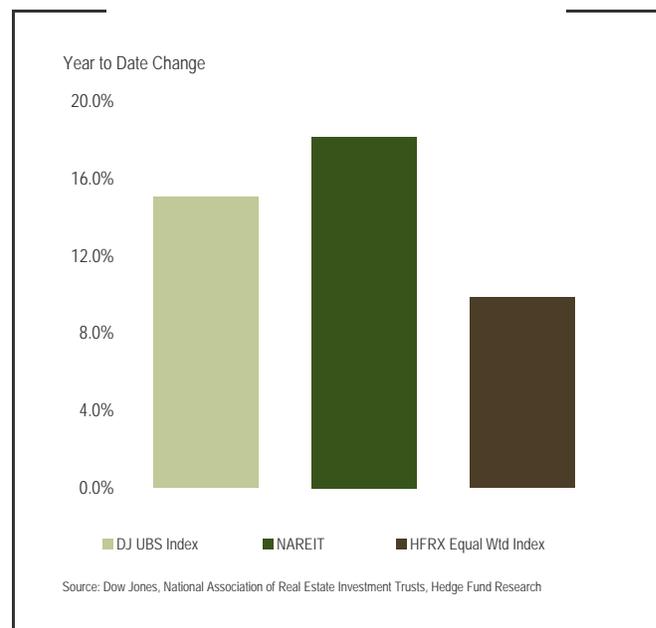
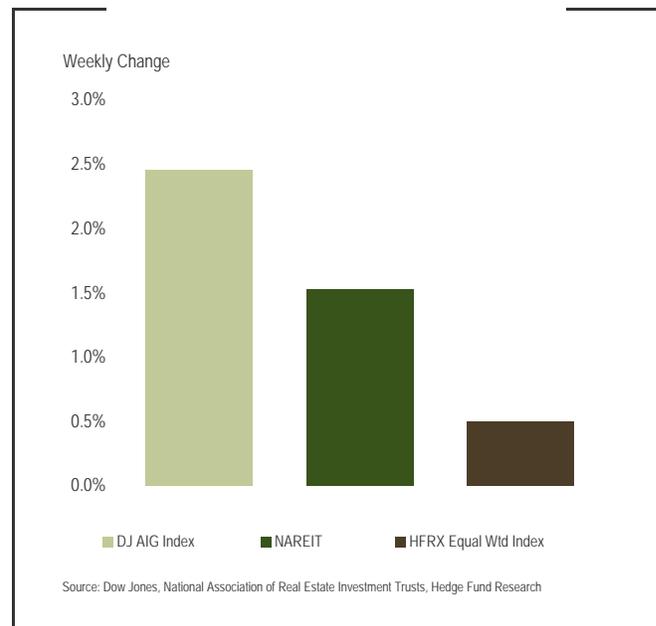
Alternative Investments Market Update

Alternative investors who focus on commodities like oil and precious metals have seen a strong inverse relationship between these and the U.S. dollar began to weaken. When a commodity is priced in dollars and the value of the dollar falls in foreign currency markets, the price of that commodity rises in dollar terms. This week, despite a reversal in dollar weakness, in fact it has failed to breach below the critical level of 75 on the JPMorgan U.S. Dollar Index, gold continues to make new highs. By week's end gold, as measured by the December futures contract, had closed at \$1,146.80 per ounce and early in the week spot gold traded briefly over \$1,150 per ounce. For the dollar to rise, and the price of gold to also rise, the volume of gold purchased must be large enough to offset the currency effect. However, crude oil seemed to trade more in line with the foreign exchange market, declining modestly by week's end despite making a run for \$81 per barrel in conjunction with an announcement by the U.S. Energy Information Administration that gasoline stock piles fell by 1.8 million barrels when the consensus expectation was for a build of 100,000 barrels.

As the investigation into Galleon insider trading case continues, it was reported that one defendant in the case received an envelope filled with cash, reminiscent of the Boesky scandal in the 1980s. In another sign that private equity is slowly coming back, it was announced that Blackstone Group acquired 60% of Birds Eye Foods for \$1.3 billion.

Issue	Previous Week	Current <sup>1</sup>	Change
Gold	1,119.40	1,150.70	2.80%
Crude Oil Futures	76.40	76.72	0.42%
Copper	299.65	314.95	5.11%
Sugar	22.72	22.47	-1.10%
HFRX Equal Wtd. Strat. Index	1,097.20	1,102.65	0.50%
HFRX Equity Hedge Index	1,133.66	1,144.12	0.92%
HFRX Equity Market Neutral	988.05	996.50	0.86%
HFRX Event Driven	1,330.89	1,337.49	0.50%
HFRX Merger Arbitrage	1,423.68	1,429.00	0.37%
Dow Jones UBS Commodity Index	131.68	134.90	2.45%
FTSE/NAREIT All REIT	102.38	103.94	1.52%

<sup>1</sup> Prices reflect most recent data available at the time of publication  
Source: Dow Jones, National Association of Real Estate Investment Trusts, Hedge Fund Research, Bloomberg, The Wall Street Journal.



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