

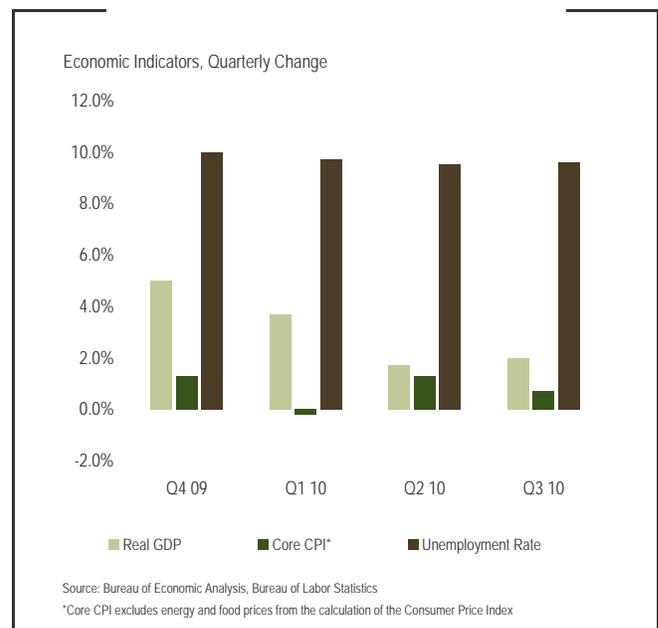
## Economic Update

At the Group of 20 summit held in Seoul, President Obama criticized China's intervention in the market that results in a continually weak yuan. China and other G-20 nations attacked the Federal Reserve's quantitative easing, fearful that this move will weaken the dollar. According to one of George W. Bush's former economic advisors, Matthew Slaughter, many leaders have questioned whether or not the United States is "committed to global engagement." During the summit, the U.S. and South Korea discussed the possible free-trade agreement that would create an increase in U.S. exports. However, the two parties failed to reach an agreement in what would have been the U.S.'s largest bilateral trade agreement in a decade.

The U.S. international trade deficit narrowed to \$44 billion in September, according to the Commerce Department. Exports increased by \$0.5 billion and imports declined by \$2.0 billion. Foods, feeds, and beverages were the primary driver of higher exports, followed closely by an increase in capital goods. The decline in imports was largely attributed to lower U.S. demand for capital goods and auto-related goods.

The U.S. Department of Labor reported that import prices increased 0.9% in October, led higher by a 3.0% increase in fuel prices. The price of non fuel imports increased just 0.3%. Export prices climbed 0.8% for the month amid a 2.5% increase in agricultural export prices.

Consumer sentiment climbed early this month, as shown by the Thomson Reuter/University of Michigan Survey of Consumers. The greater-than-expected increase resulted in a five-month high of 69.3, but sentiment still remains significantly below June levels. Strengthening consumer sentiment bodes well for the upcoming holiday shopping season. In response to the start of the Fed's quantitative easing, the survey indicated that consumers expect the inflation rate for the next year to be 3.0%, up 0.3% from last month.

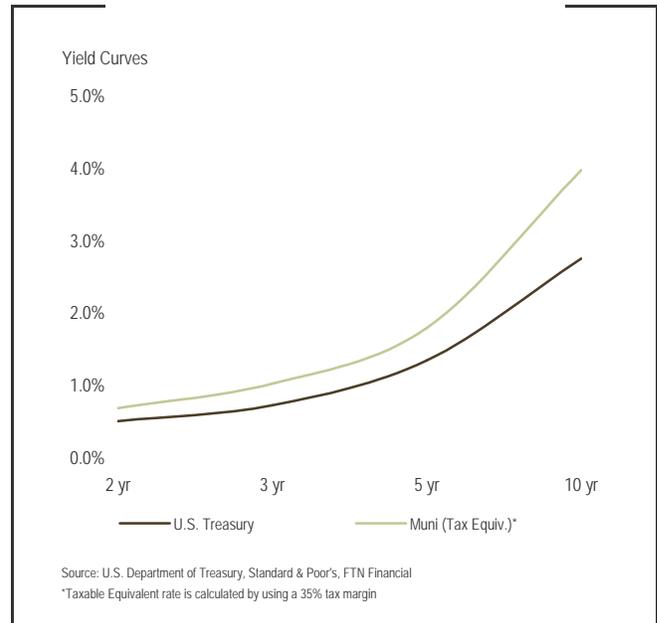


Nov. 9 <sup>th</sup>	ICSC-Goldman Same Store Sales, Wkly. Chg.	1.3%
Nov. 9 <sup>th</sup>	Wholesale Inventories, Sept. Monthly Chg.	1.5%
Nov. 10 <sup>th</sup>	MBA Purchase Applications Index, Wkly. Chg.	5.5%
Nov. 10 <sup>th</sup>	International Trade Balance Level, September	-44.0B
Nov. 10 <sup>th</sup>	Initial Jobless Claims ( Week ending 11/6)	435,000
Nov. 10 <sup>th</sup>	Export Prices, Oct. Monthly Chg.	0.8%
Nov. 10 <sup>th</sup>	Import Prices, Oct. Monthly Chg.	0.9%
Nov. 10 <sup>th</sup>	EIA Petroleum Status Report, Wkly. Chg.	-3.3M Barrels
Nov. 10 <sup>th</sup>	EIA Natural Gas Report, Wkly. Chg.	19 bcf
Nov. 12 <sup>th</sup>	Consumer Sentiment Index, November	69.3

Bond Market Update

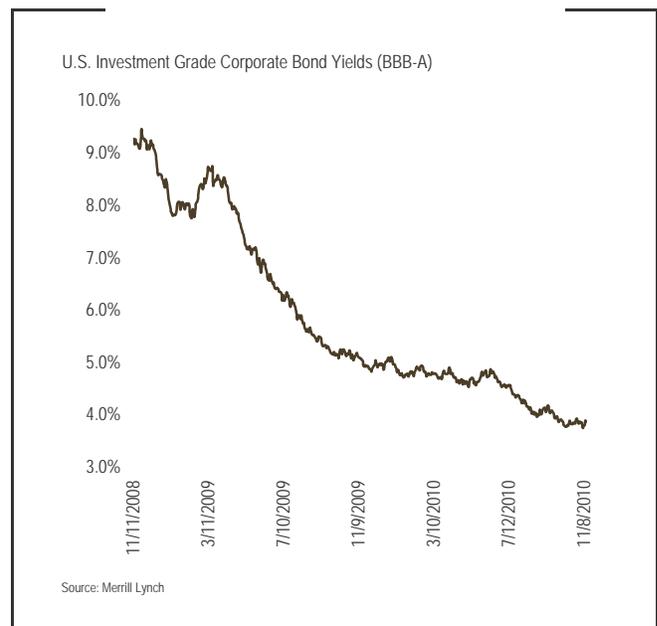
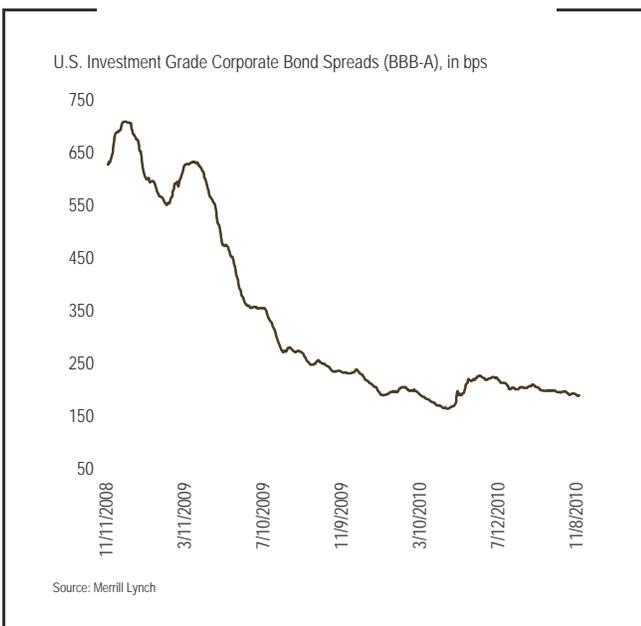
U.S. Treasuries finished the week considerably lower on speculation European leaders will bolster the euro area's most-indebted nations, reducing the demand for safe-haven securities. Demand also dropped after the Federal Reserve initiated its program to purchase \$600 billion in Treasuries within the next eight months. The Treasury market rallied in previous months in anticipation of the Fed's program, which is designed to stimulate the economy. Some strategists feel market participants "bought the rumor" and are now "selling the news." In this investment approach, investors buy in anticipation of an event thought to be beneficial to the markets and then sell when this event occurs because the good news is already reflected in the price.

Municipal credit spreads for bonds rated "A" and "AA" remain wide by historical standards, implying that pricing in this area remains attractive. Low yields and a steep curve have shifted the value equation decidedly toward the intermediate end of the market, with maturities in the 2014 and 2018 range offering the best risk-adjusted returns. Investors may avoid selling municipal bonds to lock-in capital gains at this time, as historical evidence indicates heavy year-end selling by the retail sector. This year-end selling frequently leads to illiquidity and very weak bids particularly on smaller block sizes.



Issue	11.5.10	11.12.10	Change
3 month T-Bill	0.13%	0.13%	0.00%
2-Year Treasury	0.38%	0.51%	0.13%
5-Year Treasury	1.10%	1.35%	0.25%
10-Year Treasury	2.58%	2.76%	0.18%
30-Year Treasury	4.12%	4.26%	0.14%

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



Stock Market Update

Stocks dropped four out of five days this week, snapping a five-week winning streak. The Dow Jones Industrial Average shed 251.50 points, or 2.2%, to end Friday at 11,192.58. The broader S&P 500 lost 2.17% to close the week at 1,199.21 while the technology-heavy NASDAQ Composite lost 2.36%.

The General Motors Co. initial public offering (IPO), set to price on Monday, is rumored to be oversubscribed and may price above the high end of the \$26 to \$29 offering range. The demand is so strong the company may exercise its option to sell an additional 54.8 million shares bringing the total number of shares offered to 419.8 million, according to Bloomberg.

Technology stocks dropped on Thursday when hardware company Cisco Systems (CSCO) announced that new orders fell short during the most recent quarter. The company also lowered its fiscal fourth quarter revenue growth projection to between 3% and 5%, roughly half of what analysts expected. Cisco shares fell 16.21% Thursday on the news.

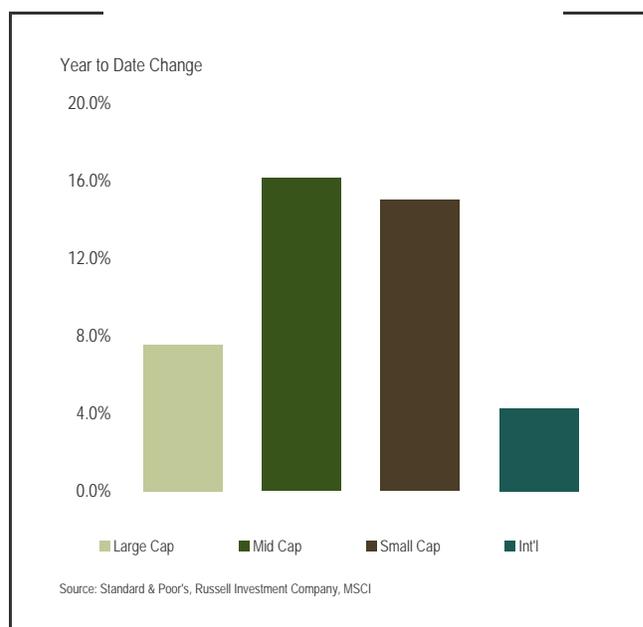
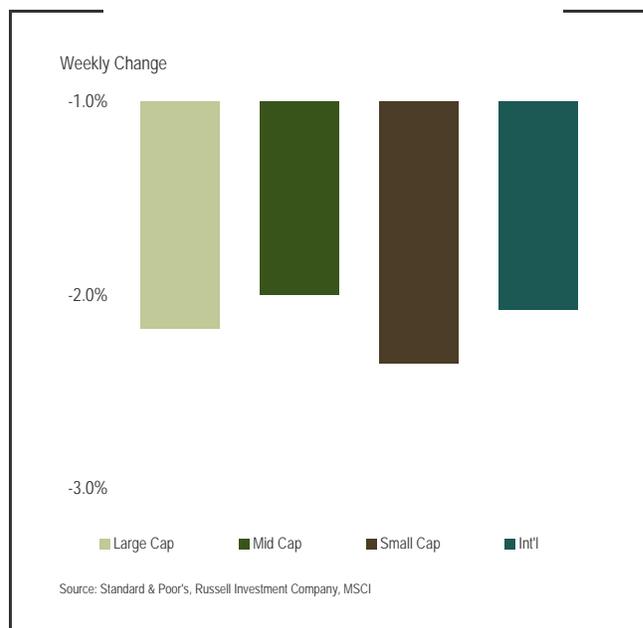
In opposition to the dour news from Cisco, chip maker Intel (INTC) announced on Friday that it would increase its dividend by 15% to 18 cents from 15.75 cents per share beginning the first quarter of 2011. Intel gained 1.51% in a weak overall market and, using Friday's closing price, will carry a dividend yield of 3.34% over the next 12 months.

Just days after China's central bank announced it will increase bank reserve requirements by half a percentage point, consumer prices were announced to jump 4.4%. The surge in inflation fueled speculation that the People's Bank of China will soon boost interest rates to curb the rising inflation; investors sent the Shanghai Composite Index 4.60% lower for the week.

Issue	11.5.10	11.12.10	Change
Dow Jones	11,444.08	11,192.58	-2.20%
S&P 500	1,225.85	1,199.21	-2.17%
NASDAQ	2,578.98	2,518.21	-2.36%
Russell 1000 Growth	559.27	548.02	-2.01%
S&P MidCap 400	861.09	843.87	-2.00%
Russell 2000	736.59	719.27	-2.35%
MSCI EAFE	1,675.07	1,640.29	-2.08%
MSCI EM	1,151.08	1,138.84	-1.06%
MSCI Small Cap	162.94	159.83	-1.91%

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

Crude oil futures experienced volatile price swings this week. Oil prices hit a two-year high on Tuesday before retreating due to a strengthening dollar. On Wednesday, crude oil settled at \$87.81 per barrel, another two-year high, in large part due to a surprising inventory report. The Energy Information Administration (EIA) reported oil inventories fell 3.4 million barrels—the largest week-to-week decline in since early July. A Dow Jones Newswire survey predicted inventories would rise. To conclude the week, oil declined on concerns that China may raise interest rates to curb growth. If China does raise rates and attempts to reduce growth, their demand for commodities is likely to decline as well.

Broad commodities, as measured by the Dow Jones-UBS Commodity Index, experienced its largest single day decline since February 2009. If China tightens monetary policy, it would swiftly counteract the effect of QE2 on commodities markets. Softs, precious metals, energy and agricultural commodities all declined Friday. Even though China is a large importer of U.S. agricultural products, significant supply concerns also compounded declines.

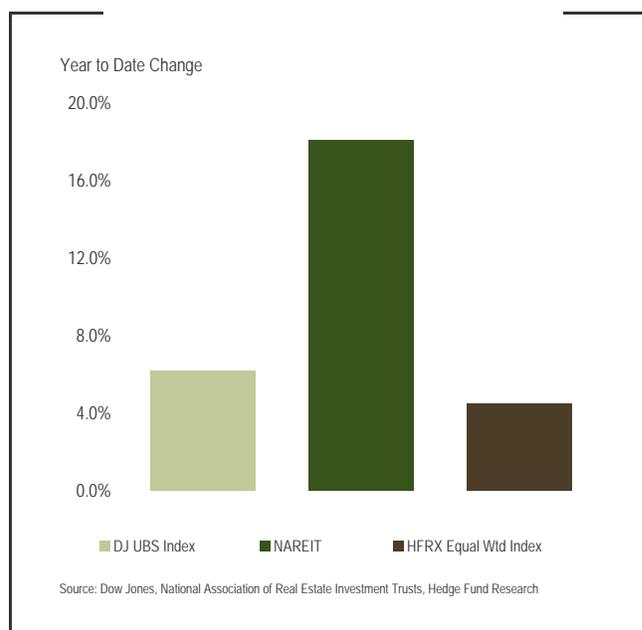
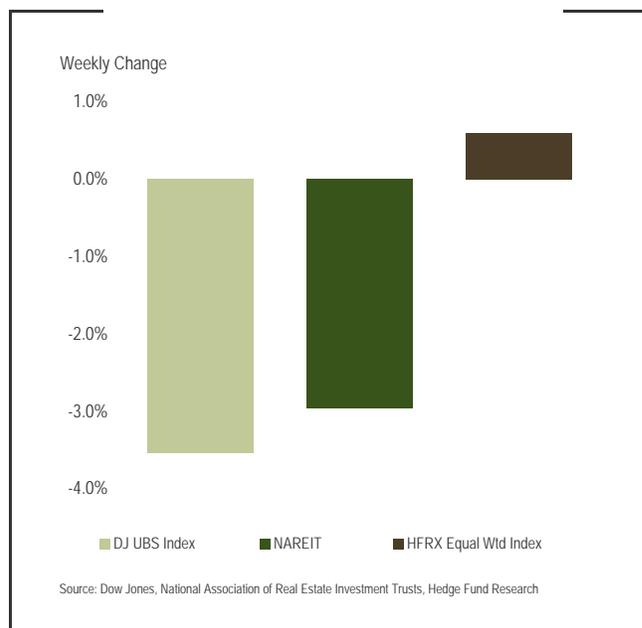
In contrast from comments released from OPEC last week, the International Energy Agency (IEA) warned higher energy prices may threaten the economic recovery. According to Eduardo Lopez, senior oil demand analysts at the IEA, higher oil prices may derail the recovery and that as global growth slows, “prices should either stabilize or go down.”

European sovereign debt concerns pushed investors towards gold early in the week. Gold managed to ignore the inverse relationship to the dollar and rise despite the dollar also rising. Debt concerns in addition to G-20 currency discussions pushed the precious metal above \$1,400 per ounce for the first time. However, on Friday, gold futures sank on China’s potential interest rate move—the most actively traded contract dipped \$37.70, or 2.7%.

Issue	Previous Week	Current <sup>1</sup>	Change
Gold	1,393.90	1,365.50	-2.04%
Crude Oil Futures	87.40	84.88	-2.88%
Copper	397.00	389.80	-1.81%
Sugar	31.76	26.21	-17.47%
HFRX Equal Wtd. Strat. Index	1,154.70	1,161.54	0.59%
HFRX Equity Hedge Index	1,177.14	1,186.56	0.80%
HFRX Equity Market Neutral	996.25	1,006.98	1.08%
HFRX Event Driven	1,365.57	1,369.61	0.30%
HFRX Merger Arbitrage	1,502.47	1,512.00	0.63%
Dow Jones UBS Commodity Index	153.21	147.80	-3.54%
FTSE/NAREIT All REIT	136.71	132.67	-2.96%

<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, The International Monetary Fund.



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