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MARKET WEEK: OCTOBER 15, 2012

The Markets

Equities took a 2%-plus hit last week. Whether it was caused by profit-taking, a gloomy forecast from the International Monetary Fund, reaction to initial third-quarter earnings reports, or some combination, the decline cost equities their attempt at a new post-2007 high. Meanwhile, oil prices bounced back above \$90 a barrel, while the stock market's troubles also meant a bit more appetite for U.S. Treasuries.

Market/Index	2011 Close	Prior Week	As of 10/12	Week Change	YTD Change
DJIA	12217.56	13610.15	13328.85	-2.07%	9.10%
Nasdaq	2605.15	3136.19	3044.11	-2.94%	16.85%
S&P 500	1257.60	1460.93	1428.59	-2.21%	13.60%
Russell 2000	740.92	842.87	823.09	-2.35%	11.09%
Global Dow	1801.60	1957.83	1918.06	-2.03%	6.46%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	1.89%	1.75%	1.69%	-6 bps	-20 bps

Equities data reflect price changes, not total return.

Last Week's Headlines

The International Monetary Fund cut its forecast of global growth to 3.3% for this year (from 2011's 3.8%) and 3.6% next year (although its 2.2% forecast for the United States is slightly higher than previously estimated). However, the IMF's annual report warned that its growth estimates depend on the eurozone addressing members' debt problems and the United States avoiding the so-called "fiscal cliff." Otherwise, the IMF called the risk of a serious global slowdown "alarmingly high."

There continued to be relatively encouraging news out of the housing market. Mortgage foreclosures nationally fell to a five-year low in September, according to RealtyTrac®. The 180,427 foreclosure filings were 7% lower than the previous month and down 16% from a year ago. The biggest declines were seen in California, Georgia, Texas, Arizona, and Michigan, while states where foreclosures must go through the judicial system, such as Florida, Illinois, Ohio, New Jersey, and New York, continued to have substantial year-over-year increases.

Standard & Poor's downgraded Spain's sovereign debt to BBB- (one notch above junk status) and gave it a negative outlook for the future, indicating the likelihood of future downgrades. However, the yield on the Spanish benchmark 10-year bond remained under 6%.

Once again, higher gas prices helped push inflation at the wholesale level up 1.1% in September. However, producer prices overall remained relatively stable, as the year-over-year inflation rate was a moderate 2.1%.

Eye on the Week Ahead

The bailout watch on Spain could intensify in advance of the European Union summit on Thursday and Friday. Domestically, a flood of earnings reports as well as housing and manufacturing data will suggest the state of the economy.

Key dates and data releases: retail sales, business inventories, Empire State manufacturing survey (10/15); consumer inflation, industrial production, international capital flows (10/16); housing starts (10/17); Philadelphia Fed manufacturing survey (10/18); home resales, options expiration (10/19).

Data sources: Includes data provided by Brounes & Associates. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Past performance is no guarantee of future results.

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Given the recent events impacting investors and their financial security, we would welcome the opportunity to provide a second opinion for anyone who would like to have a check-up on their investments, financial plan or estate plan. If you know of anyone who may have a concern with their current advisor or current investment portfolio, we encourage you to share our contact information with those that could benefit from a complimentary review.

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