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### MARKET WEEK: NOVEMBER 12, 2012

#### The Markets

Much as Sandy and an early winter storm delivered a one-two punch to northeastern states, equities were hit with back-to-back triple-digit losses in the Dow industrials. Whether motivated by election results, fear of gridlock in the run-up to the so-called fiscal cliff, a grim forecast for Europe's economy, the beginning of year-end tax maneuvers, or some toxic stew of them all, investors sold off equities around the globe. It was the third consecutive week of losses for the Dow. Along with the S&P 500, it's now down almost 6% from its September year-to-date high, while the Nasdaq and small-cap Russell 2000 are both down more than 8% in the same time. Meanwhile, gold recovered all of the previous week's losses and then some, ending at \$1,730 an ounce.

Market/Index	2011 Close	Prior Week	As of 11/9	Week Change	YTD Change
<b>DJIA</b>	12217.56	13093.16	12815.39	-2.12%	4.89%
<b>Nasdaq</b>	2605.15	2982.13	2904.87	-2.59%	11.50%
<b>S&amp;P 500</b>	1257.60	1414.20	1379.85	-2.43%	9.72%
<b>Russell 2000</b>	740.92	814.37	795.02	-2.38%	7.30%
<b>Global Dow</b>	1801.60	1932.44	1881.43	-2.64%	4.43%
<b>Fed. Funds</b>	.25%	.25%	.25%	0 bps	0 bps
<b>10-year Treasuries</b>	1.89%	1.75%	1.61%	-14 bps	-28 bps

Equities data reflect price changes, not total return.

#### Last Week's Headlines

With President Obama's reelection and continued leadership by the respective parties currently in charge of the Senate and the House of Representatives, implementation of the Affordable Health Care Act is expected to continue, as are battles over the same issues that led to the tax increases and spending cuts scheduled for January 1.

A worsening European economy this year is hitting even its strongest member nations and will cause many of them to miss their budget-cutting targets, according to a semiannual report from the European Union's executive body. The report forecast that gross domestic product in the EU will fall 0.3% in 2012 and grow by only 0.4% in 2013 (slightly less in the 17-member eurozone). Even the German economy is expected to slow from 3% last year to 0.8% this year and next, finally increasing by 2% in 2014. Unemployment is expected to average just under 11% for the 27 EU countries and just under 12% in the eurozone through 2014.

Despite street riots, the Greek parliament passed €31.5 billion worth of fresh austerity measures and a budget to implement them. Both are necessary to qualify for the country's next installment of bailout funds and will be reviewed by the region's finance ministers this week.

A 3.1% increase in U.S. exports helped cut the country's trade deficit in September to its lowest level since December 2010. According to the Commerce Department, the deficit fell to \$41.5 billion from \$43.8 billion in August, and was 6.6% lower than a year earlier.

As the Chinese Communist Party met to prepare for the transition to new leadership for the next decade, the current leaders said they expect the country to meet its goal of 7.5% economic growth in 2012.

The Institute for Supply Management's index of the U.S. services sector showed growth for the 34th straight month, though the 54.2% reading for October was slightly lower than the previous month's 55.1%.

## Eye on the Week Ahead

In addition to more earnings reports, manufacturing, retail, and inflation data will shed light on the state of the U.S. economy. Also, global investors will assess Greece's bailout status and whether new Chinese leaders will be likely to pursue reforms aimed at encouraging more domestic consumption there. The European Commission's estimate of Q3 economic growth will be released Thursday, and options expiration at week's end could mean some volatility as it approaches.

Key dates and data releases: wholesale inflation, retail sales, Federal Open Market Committee minutes (11/14); consumer inflation, Empire State/Philly Fed manufacturing surveys, European Q3 GDP estimate (11/15); industrial production, international capital flows, options expiration (11/16).

*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.*

*The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. Market indexes listed are unmanaged and are not available for direct investment.*

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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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