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MARKET WEEK: DECEMBER 3, 2012

The Markets

Domestic equities seemed to fluctuate with every new fiscal-cliff report out of Washington. Despite the uncertainty, investors seemed willing to take on more risk, giving the tech-heavy Nasdaq and small-cap Russell 2000 solid gains while leaving the S&P 500 and Dow industrials little changed and bond yields down a bit. Gold plummeted roughly \$30 an ounce before a modest rebound to end the week at roughly \$1,727.

Market/Index	2011 Close	Prior Week	As of 11/30	Week Change	YTD Change
DJIA	12217.56	13009.68	13025.58	.12%	6.61%
Nasdaq	2605.15	2966.85	3010.24	1.46%	15.55%
S&P 500	1257.60	1409.15	1416.18	.50%	12.61%
Russell 2000	740.92	807.18	821.92	1.83%	10.93%
Global Dow	1801.60	1926.45	1942.07	.81%	7.80%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	1.89%	1.70%	1.62%	-8 bps	-27 bps

Equities data reflect price changes, not total return.

Last Week's Headlines

Saying that passage of austerity measures showed a good faith effort to cut spending, Greece's three primary creditors reached an agreement that will pave the way for receipt of another €43.7 billion in financial assistance. The so-called troika--the International Monetary Fund, eurozone finance ministers, and the European Central Bank--agreed to a longer timetable for reduction of Greece's debt burden.

After initial conciliatory noises, participants in discussions over the so-called fiscal cliff seemed to retreat to their respective positions. Congress is not scheduled to adjourn until December 14, leaving plenty of time for more drama.

Third-quarter economic growth was better than previously thought. The Bureau of Economic Analysis said its second estimate showed gross domestic product rising by 2.7%. That's substantially better than either the initial 2% estimate or the 1.3% growth of the previous quarter, and was helped by higher private inventory investments and exports. Meanwhile, after-tax corporate profits rose \$48.1 billion, or 3.3%; that's an improvement over Q2's 2.2% increase. Net dividends were up 1.5% for the quarter and were 7.5% ahead of Q3 2011.

Home prices across the country continued to improve with a sixth consecutive month of increases. The 0.3% gain in September put the 20-city S&P/Case-Shiller index at its highest level in two years and 3% ahead of last September, though it's still down roughly 29% from its summer 2006 peak. Meanwhile, the Commerce Department said sales of new homes slipped 0.3% in October, though they were 17.2% higher than a year earlier.

Orders for durable goods other than autos and aircraft were up 1.5% in October, though the Commerce Department said declines in those two major categories left overall orders essentially unchanged. Nondefense capital goods orders (not including aircraft), an indicator of businesses' willingness to invest in growth, were up 1.7%.

Securities and Exchange Commission Chairman Mary Schapiro will leave that post a year early as of December 14. Current commission member Elisse Walter will assume Schapiro's role until a permanent successor is named.

Consumer spending was down 0.2% in October, though the Commerce Department said Hurricane Sandy likely played some part in the decline. It was the first spending decline since May. Meanwhile, incomes rose less than 0.1%, though it was the 11th straight month of increases, and the personal savings rate rose slightly to 3.4% of income.

Eye on the Week Ahead

Investor sentiment will likely continue to fluctuate based on how optimistic Washington seems about a tax deal, but unemployment also will be a focus, as will data on the U.S. manufacturing and services sectors.

Key dates and data releases: U.S. manufacturing, construction spending (12/3); business productivity, factory orders, U.S. services sector (12/5); unemployment/payrolls (12/7).

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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