

Market Month: November 2010

The Markets

Despite a fair number of 100-point-plus moves up and down on the Dow during the month, both the Standard and Poor's 500 and the Nasdaq ended November essentially flat. The Dow itself finished down just over 1%, though it managed to cling to the 11,000 mark. The small-cap Russell 2000 widened its lead over the other indexes as the year's best performer. However, the Global Dow suffered from renewed concerns over Irish debt problems and the implications for the rest of the European Union.

The dollar benefitted from all the euro angst, returning to the roughly \$1.30 per euro last seen in mid-September. Oil remained relatively stable, hovering above \$80 per barrel for most of the month. And after hitting a record level above \$1,400 an ounce earlier in the month, the price of gold fell back to its mid-October level around \$1,370.

Market/Index	2009 Close	Prior Month	As of 11/30	Month Change	YTD Change
DJIA	10428.05	11118.49	11006.02	-1.01%	5.54%
NASDAQ	2269.15	2507.41	2498.23	-.37%	10.10%
S&P 500	1115.10	1183.26	1180.55	-.23%	5.87%
Russell 2000	625.39	703.35	727.01	3.36%	16.25%
Global Dow	1984.48	2021.14	1949.81	-3.53%	-1.75%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	3.85%	2.63%	2.81%	18 bps	-104 bps

The Month In Review

- The Federal Reserve launched the second round of quantitative easing by saying it will buy an additional \$600 billion of long-term government bonds before the end of June 2011. The move is intended to help support economic recovery by holding down long-term interest rates.
- Ireland became the latest European Union (EU) country to spark fears of default on its sovereign debt. After initial resistance, Ireland agreed to accept and EU leaders approved a \$112 billion bailout package. However, the issue raised questions about the continued willingness and ability of the stronger EU nations to provide help if more countries also require support--and the impact on the euro if that support wasn't offered.
- China continued to tighten the availability of credit in an attempt to curb inflation that is running at an annual rate of well over 4%. The move raised concerns that slower Chinese growth might impede the already sluggish global recovery. Meanwhile, claims and counterclaims by both the U.S. and China fanned tensions over international currency manipulation.
- In the U.S., consumer inflation remained practically nonexistent at an annual rate of 0.6% in October, according to the Bureau of Labor Statistics. The faltering housing market was one reason why; the Commerce Department said sales of new single-family homes were down 8.1% in October and 28.5% from the year before, while existing home sales fell 2.2% to a level almost 26% lower than the previous year, according to the National Association of Realtors.®
- General Motors' successful initial public offering (IPO), one of the largest in U.S. history, will enable the U.S. Treasury to begin unwinding the stake it took in the automaker to help GM through bankruptcy proceedings.

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- Although the Bureau of Labor Statistics said the private sector created a net 151,000 new jobs in October, those new jobs weren't able to budge the 9.6% unemployment rate.

Eye on the Month Ahead

Investors will be watching holiday retail sales to see whether consumers are willing and able to shop their way into an economic recovery. The lame-duck congress has only a month left to decide what to do about expiring tax cuts, while the potential need for bailouts in larger eurozone economies such as Spain will continue to affect trading. Quadruple witching options expiration coupled with year-end trading by institutional investors with one eye on the performance of their benchmark index could bring volatility.

Key dates and data releases: Business productivity/labor costs, U.S. manufacturing, construction spending (12/1); pending home sales (12/2); unemployment/payrolls, U.S. services sector (12/3); international trade (12/10); wholesale inflation, retail sales, Federal Reserve Open Market Committee announcement (12/14); consumer inflation, international capital flows, industrial production (12/15); housing starts (12/16); leading economic indicators, quadruple witching options expiration (12/17); final Q3 GDP, home resales (12/22); durable goods orders, personal income/spending, new home sales (12/23); home prices (12/28); pending home sales (12/30).

Data source: 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. Equities data reflects price changes, not total return.

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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