

Market Index	November Change	Year-to-Date
Standard & Poor's 500	6.0%	24.1%
Dow Jones Industrial Average	6.9%	21.5%
Russell 2000 (small company)	3.1%	17.7%
MSCI EAFE (international)	2.0%	29.9%
Barclays Intermediate Gov/Credit Index	1.3%	6.8%
3 Month Treasury Bill	0.0%	0.3%

November Proved Its Seasonal Strength

Historically, November has been the best calendar month for the stock market. True to form the S&P 500 Index returned 6.0% in November, and although this did not register as the top month for the year (April did), it was the best November since 2001.

Bonds rose in value during the month, up 1.34% as measured by the Barclays Intermediate Government Corporate Index, even as more casualties from the global debt crisis surfaced. On November 25th, the Dubai government requested a 6-month moratorium on interest payments for the debt of Dubai World, a state-owned company with development properties around the world. The United Arab Emirates' Dubai has emerged as the financial center of the Middle East and has become one of the most expensive cities in the world, with trophies such as a man-made, palm-tree-shaped resort island, the world's tallest building, and even an indoor ski slope! While global exposures to Dubai World's \$59 billion in debt seem fairly limited at first report, this episode reminded investors that risk is still an important consideration, particularly in emerging economies.

International stock indexes lagged the US market in November by weak performance in Japan and Europe, but certain emerging markets did well, including China and Brazil. Metals, including silver, gold, platinum, and copper rallied – beneficiaries of multiple trends, including rising global economic demand, a weaker U.S. dollar, inflation-hedging, and speculation.

The month's news included a high-profile deal: Warren Buffett's Berkshire Hathaway announced it would acquire the remaining shares of Burlington Northern Santa Fe. This \$44 billion acquisition of this large U.S. railroad company was in Buffett's words, "an all-in wager on the economic future of the United States."

Economic Data is Still Supporting a Bottoming Process

The 3rd quarter GDP growth number was revised down to +2.8%, but remains the first positive growth quarter in five quarters. The ISM Manufacturing Index, a key survey of industrial activity, rose to 55.7, a level that typically corresponds with expansion. The Consumer Confidence survey rose for the first time in four months. Housing also continues to show signs of at least stabilizing with help from government support plans. The S&P Case-Shiller Home Price Index rose for the fifth consecutive month. Existing and new home sales were strong and the supply of existing homes fell to its lowest level since February 2007. Still, loan troubles hang over the sector and with 10% unemployment, the recovery process is still in the early stages. A Mortgage Bankers Association report showed that 1 in 7 US households are either behind on house payments or in foreclosure, the highest on record.