



October 31<sup>st</sup>, 2011

**Weekly Wrap:** Stocks closed out a fourth week of gains in quiet fashion on Friday, edging higher as the market took a breather after rallying 3 percent on Europe's deal to stem its debt crisis. Though investors still have questions about implementing the deal, they appeared satisfied by Europe's progress as stocks ended their longest weekly winning streak of the year. The S&P 500 rose 3.7 percent for the week. October also is on track to be the best month for stocks since 1974, supported by strong earnings. The FTSE was up 3.89%, MSCIW up 5% with the Hang Seng climbing sharply and up 11% for the week.

Trade in the first session of the week was broadly positive, resulting in a gain of more than 1% for the stock market. The advance took the S&P 500 back above the 1250 line for the first time in more than two months. Tech stocks, which collectively make up the largest sector by market weight, were some of the top performers. That contrasted trade on Tuesday, when angst ahead of the EU meeting left the broad market to tumble 2% for its only loss of the week.

Most traders on Thursday focused their attention on the European Union's plan aimed at improving the continent's precarious financial conditions. Although specifics were not released, participants were pleased that the plan will increase the eurozone bailout fund to about \$1.4 trillion, recapitalize banks, and cut Greece's debt obligations by 50%. However the head of Europe's bailout fund played down hopes of a quick deal with China for that country to throw its support behind efforts to resolve the crisis but said he expects Beijing to continue to buy bonds issued by the rescue fund.

After the news the stock market spiked more than 3% for its best single-session performance in more than two weeks, but financials fared even better by boasting a 6% gain as bank stocks benefited and quelled concerns about their presence in Europe.

Also on Thursday, advance GDP data showed that the US economy expanded at a 2.5% clip during the third

| Index                   | Yesterday | Today    | Daily  | Weekly  | YTD     |
|-------------------------|-----------|----------|--------|---------|---------|
| DJI (US Index)          | 12208.55  | 12231.11 | 0.18%  | 3.58%   | 5.65%   |
| S&P 500 (US Index)      | 1284.59   | 1285.09  | 0.04%  | 3.78%   | 2.18%   |
| FTSE 100 (UK)           | 5713.82   | 5702.24  | -0.20% | 3.89%   | -3.35%  |
| DAX (German)            | 6337.84   | 6346.19  | 0.13%  | 6.28%   | -8.21%  |
| CAC (French)            | 3368.62   | 3348.63  | -0.59% | 5.59%   | -11.99% |
| Nikkei (Japan)          | 8926.54   | 9050.47  | 1.39%  | 4.28%   | -11.52% |
| HangSeng (Hong Kong)    | 19688.70  | 20019.24 | 1.68%  | 11.06%  | -13.09% |
| S&P/ASX 200 (Australia) | 4348.20   | 4353.30  | 0.12%  | 5.10%   | -2.02%  |
| MSCIW (World Index)     | 1250.82   | 1254.20  | 0.27%  | 5.01%   | -8.26%  |
| Baltic Dry Index        | 2091.00   | 2018.00  | -3.49% | -6.27%  | 13.82%  |
| Volatility Index(vix)   | 25.46     | 24.53    | -3.65% | -21.68% | 38.20%  |
| Euro Stoxx 50           | 2476.92   | 2462.36  | -0.59% | 5.34%   | -11.83% |

| Commodity Prices USD | Yesterday | Today  | Daily  | Movement | YTD     |
|----------------------|-----------|--------|--------|----------|---------|
| Oil                  | 93.55     | 93.49  | -0.06% | 6.61%    | 2.23%   |
| Gold                 | 1747.6    | 1743.5 | -0.23% | 6.32%    | 23.71%  |
| Silver               | 35.48     | 35.37  | -0.31% | 12.50%   | 14.43%  |
| Palladium            | 664       | 665    | 0.15%  | 8.66%    | -17.22% |
| Gas                  | 3.52      | 3.93   | 11.65% | 8.26%    | -10.88% |
| Copper               | 3.67      | 3.72   | 1.36%  | 13.07%   | -16.21% |
| Corn                 | 649.2     | 649.2  | 0.00%  | -0.73%   | 3.29%   |
| Cotton               | 104.32    | 104.37 | 0.05%  | 7.49%    | -27.93% |

| Exchange Rates | Yesterday | Today   | Daily  | Movement | YTD    |
|----------------|-----------|---------|--------|----------|--------|
| GBP/USD        | 1.60964   | 1.60249 | -0.44% | 0.49%    | 2.65%  |
| EUR/USD        | 1.41934   | 1.40439 | -1.05% | 1.37%    | 4.88%  |
| EUR/GBP        | 0.88177   | 0.87638 | -0.61% | 0.88%    | 2.17%  |
| USD/YEN        | 75.8559   | 79.2301 | 4.45%  | 3.78%    | -2.33% |
| USD/AUD        | 0.93617   | 0.94671 | 1.13%  | -2.12%   | -3.14% |
| GBP/MYR        | 4.93704   | 4.91035 | -0.54% | -1.92%   | 1.97%  |

| 10 Year Bond Yields | Yesterday | Today | Daily  | Movement | YTD     |
|---------------------|-----------|-------|--------|----------|---------|
| US                  | 2.36      | 2.29  | -2.97% | 4.09%    | -30.71% |
| UK                  | 2.62      | 2.61  | -0.38% | 3.16%    | -23.24% |
| German Bund         | 2.21      | 2.18  | -1.36% | 3.32%    | -25.34% |
| Japan               | 1.04      | 1.05  | 0.96%  | 3.96%    | -8.70%  |
| Australia           | 4.55      | 4.53  | -0.44% | 1.12%    | -18.08% |
| Brazil              | 11.70     | 11.60 | -0.85% | -0.17%   | -4.37%  |

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quarter. That exceeded the 2.3% growth rate that had been broadly expected to follow the 1.3% increase in output posted in the prior quarter.

Supporting the rally, according to Thomson Reuters data, of the 315 companies in the S&P 500 that have reported quarterly results, 71 percent have posted earnings above analyst expectations.

Market participants return on Monday for one final session in October. The S&P 500 heads into that session riding four straight weekly gains and on pace for monthly gain of more than 13%, which would make for one of the stock market's best monthly performances on record.

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