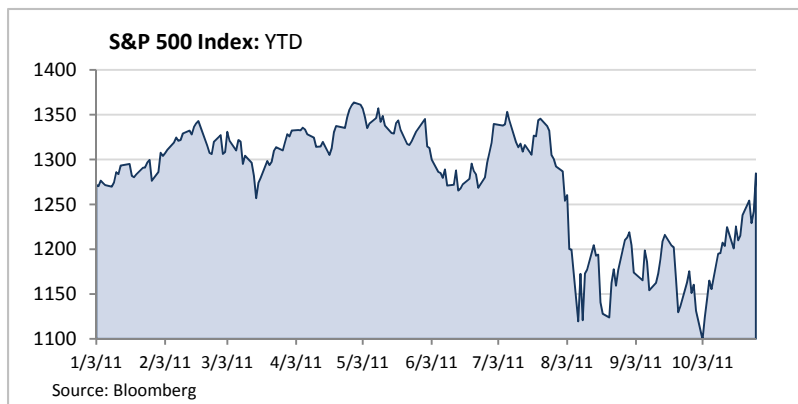


	Price	Weekly Chg.	% Chg.	YTD % Price Chg.
S&P 500	1,285.08	46.83	3.78%	2.18%
Dow Industrials	12,231.11	422.32	3.58%	5.65%
Nasdaq Composite	2,737.15	99.69	3.78%	3.18%
Russell 2000	761.03	48.62	6.82%	-2.89%
Euro Stoxx Index	240.20	11.53	5.04%	-12.48%
Shanghai Composite	2,473.41	156.13	6.74%	-11.92%
10-Year U.S. Treasury	2.31%	11 bps	NM	-99 bps
DJ UBS Commodity Index	150.87	5.92	4.08%	-7.09%
Gold	\$1,744.90	\$103.80	6.33%	22.39%
Crude Oil	\$93.53	\$5.85	6.67%	0.13%
U.S. Dollar Index	75.03	-1.36	-1.78%	-5.06%
VIX Index	24.45	-7.07	-22.43%	37.75%

Data sources: WSJ.com; Bloomberg.com; MSCI, Inc.; Russell Investments; U.S. Treasury Dept.; CBOE; CME Group.



	One Week			YTD		
	Value	Growth		Value	Growth	
L	4.04%	3.56%	3.10%	0.16%	2.51%	4.97%
	4.76%	4.96%	5.17%	-1.47%	0.35%	2.32%
S	6.26%	6.82%	7.38%	-5.77%	-2.89%	-0.02%

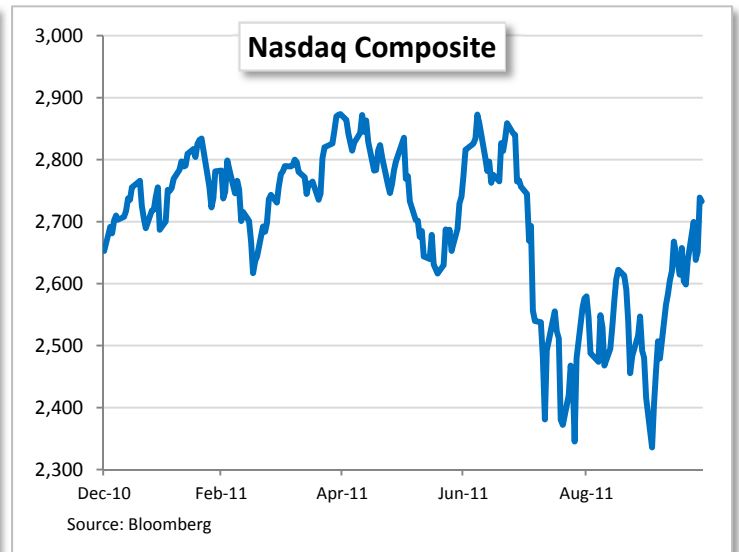
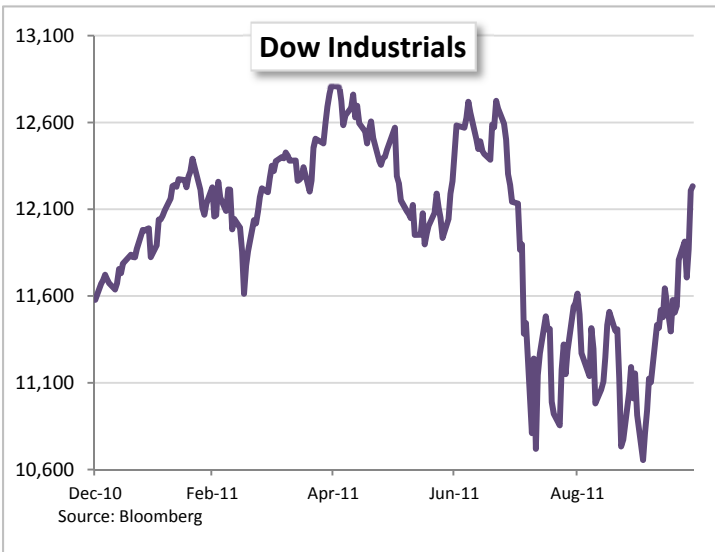
Source: Bloomberg.com

Weekly Highlights

- **Equity prices** surged this week, as investors cheered the euro-zone's plan to resolve the region's fiscal crisis. Small caps pummeled large caps; value oriented issues outperformed growth stocks; European markets rallied sharply, as did Asian markets.
- **Treasury prices** sank. The yield on the 10-year T-note rose 11 basis points to 2.31%. Corporate bond yields were flat, and yields on high yield bonds declined.
- **Commodities** prices roared ahead this week; crude oil rallied, closing at \$93.53 per barrel; gold also posted gains, settling at \$1,744.90.
- **The dollar** was lower against major currencies, and established all-time lows against the Japanese yen.
- **Economic data** released this week showed third quarter GDP growth in line with expectations; a slight improvement in the housing situation; a meager rise in personal incomes; and a slight downtick in jobless claims.

EQUITIES

Stock prices posted strong gains this week, as euro-zone leaders put forth a comprehensive plan to solve the region’s financial stability crisis. The week’s gains marked the fifth week in a row that some major market indices have advanced. Behind the strength was a plan aimed at resolving the euro-zone’s debt situation. While many traders are awaiting the details of implementation, the plan is designed to cut Greece’s debt by 50%, recapitalize banks, and increase the region’s stability fund by up to five times. The resulting plan heartened investors that had low expectations, although many believe we haven’t heard the last about the euro-zone’s fiscal issues.



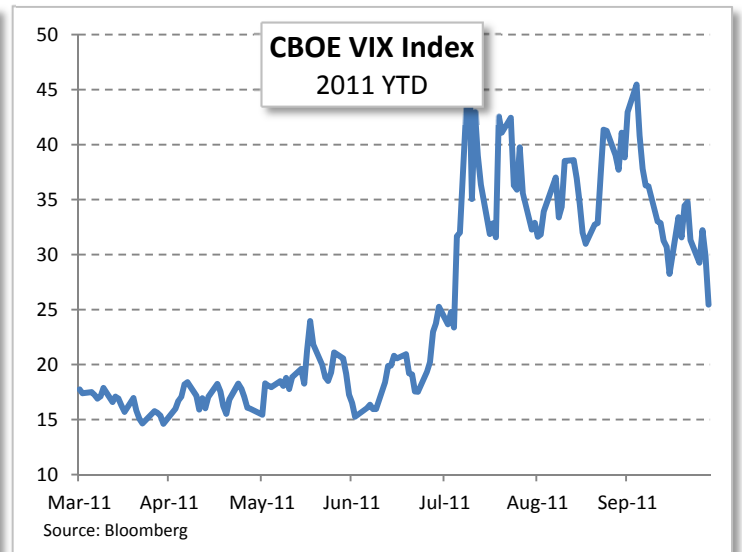
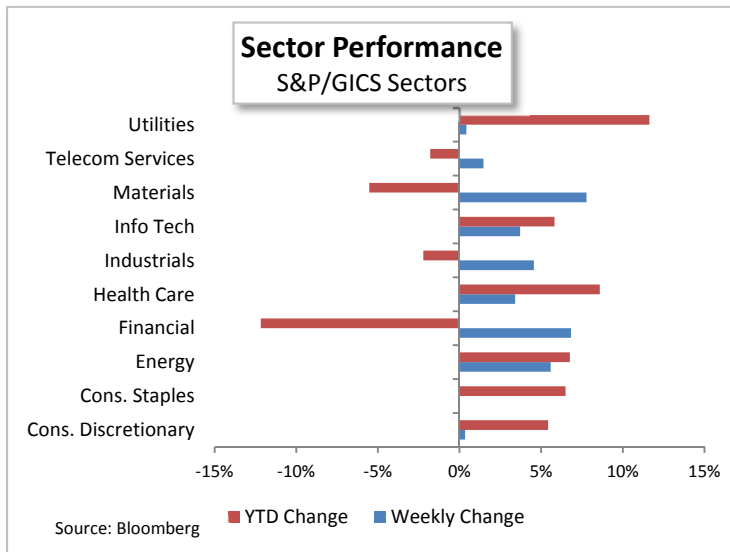
For the week, the S&P 500 Stock Index ended up 3.8% to close at 1,285.08. The Dow Jones Industrial Average also advanced, closing the week at 12,231.11, a gain of 3.6% from last week’s close. Small cap stocks outperformed large caps by a wide margin, and value oriented names vastly outperformed growth stocks.

World equity markets also advanced sharply this week, with the events in Europe once again impacting stock prices across the globe. European stocks outperformed domestic U.S. equities, as investors are eager to move beyond the financial problems that have dominated the region for the past 24 months. Despite some of the

skepticism about the ultimate success of the plan, investors cheered, partly due to extremely low expectations. The Euro Stoxx Index advanced 5.0% for the week. Asian markets also surged on the news, with the Hong Kong Hang Seng Index ending the week up 11.1%, the Japan Nikkei Average rising 4.3%, and the Shanghai Composite Index posting a gain of 6.7%.

In terms of sector performance, performance was generally strong across the 10 economic sectors. The top performing sectors were materials, financials and energy, while the poorest performers on a relative basis were consumer staples, utilities and consumer discretionary.

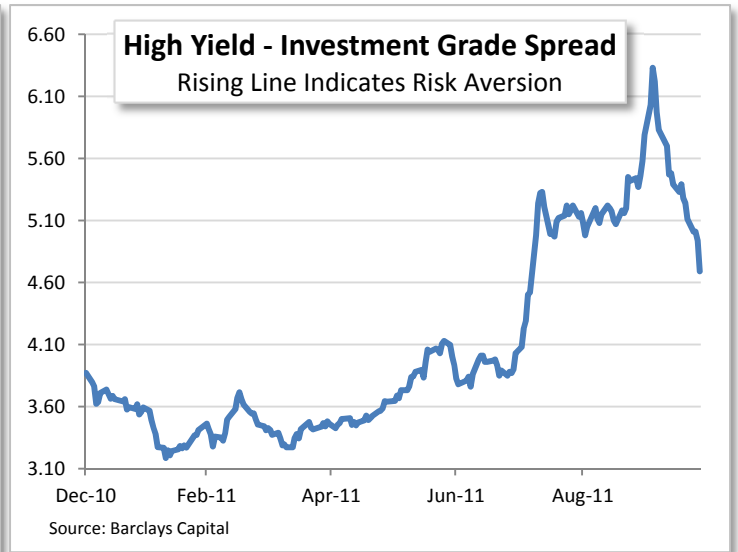
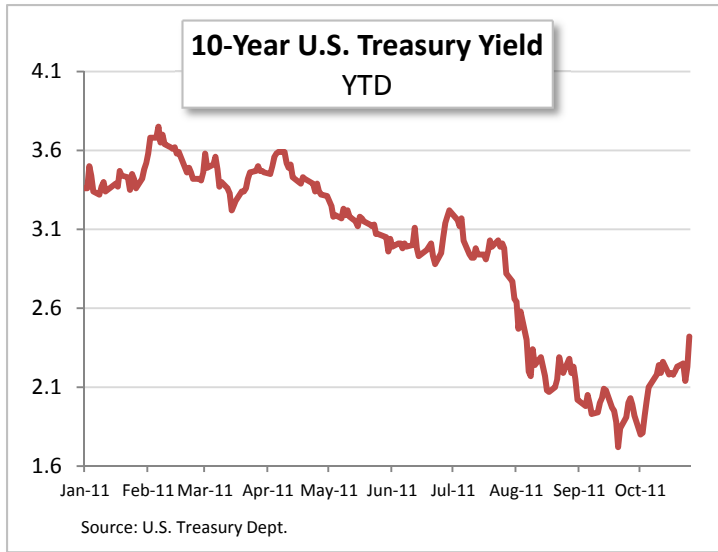
As stock prices rose this week, equity market volatility sank to the lowest levels in three months. The Chicago Board Options Exchange’s volatility index (VIX) lost about 22% this week to close at 24.45.



INTEREST RATES

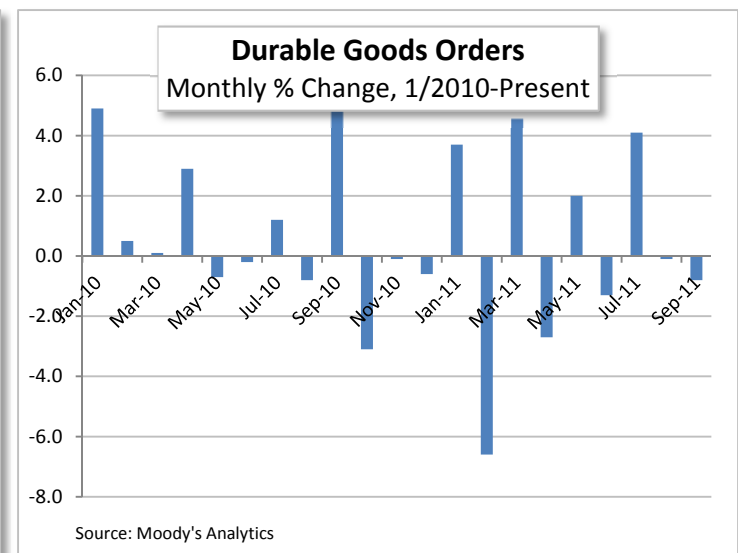
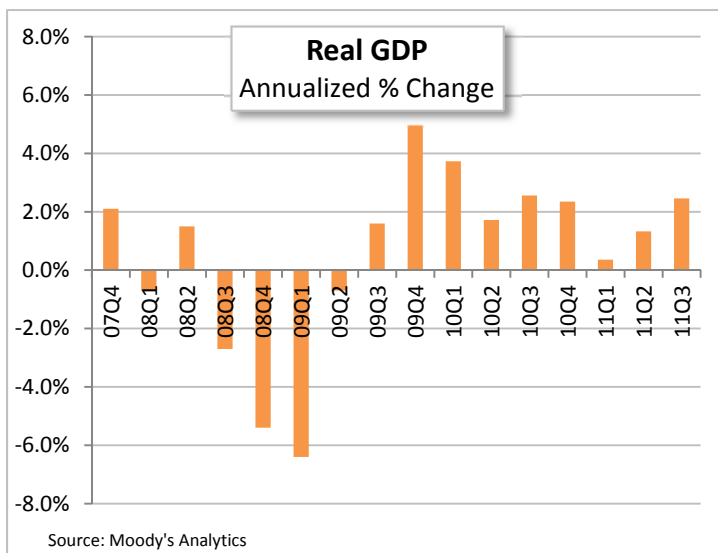
Prices of U.S. Treasury securities plunged this week, as investors fled safe-haven investments once the euro-zone financial stabilization plan was announced. The euphoria led to a drop in prices on Thursday that launched yields to the highest levels in about two months. However, traders began to turn somewhat more skeptical about the plan for the region, and returned to Treasuries, pushing yields back down somewhat. The growing concerns revolve around authorities’ ability to smoothly implement a plan with such a grand design. There is also concern that recruiting sovereign wealth funds to participate in the regional stability fund will be more difficult than believed. In addition, ratings services have construed the plan to reduce Greece’s debt as a default, and that the trend towards lower sovereign credit ratings will likely not reverse soon. As with last week, Treasury yields were flat in the shorter maturity ranges of the yield curve, and declined about the same amounts at the longer end. The 10-year U.S. Treasury closed today priced to yield 2.31%, up 11 basis points from last week’s closing yield of 2.20%.

Unlike Treasury securities, investment grade corporate bond prices were relatively flat this week. The yield on the Barclays Capital U.S. Corporate Bond Index remained at approximately 3.84%. In addition, prices of high yield bonds advanced sharply again this week with heightened investor comfort with risk. Yields declined in the process, as high yield bond prices moved in sympathy with the equity market. The yield on the Barclays Capital U.S. Corporate High Yield Index decreased about 35 basis points, from 8.95% last week to 8.60% this week. Credit spreads collapsed once again this week and are now more than 150 basis points off their highs of earlier this month.



THE ECONOMY

In this week's economic releases, GDP grew moderately in the third quarter; the housing picture improved marginally; personal income posted meager gains; and jobless claims inched downward.



GDP rose as expected in the third quarter

The Bureau of Economic Analysis reported that real GDP grew at an annualized 2.5% rate in the third quarter, matching consensus expectations. The number indicates that there is no imminent threat of recession, but

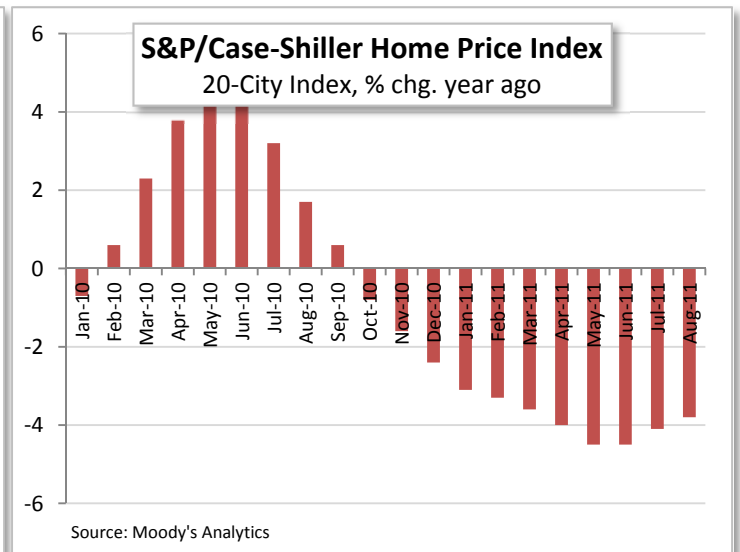
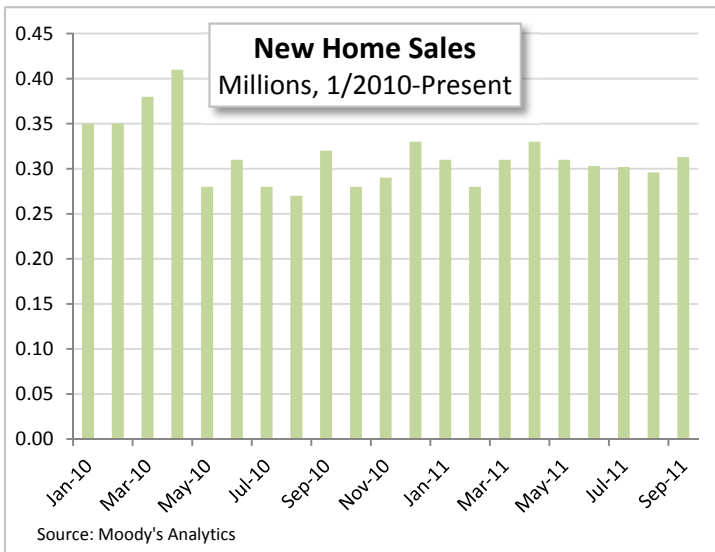
economists are still disappointed in the pace of the recovery, and point out that job growth is still too weak to enable a self-sustaining recovery.

Durable goods orders declined modestly

The Census Bureau reported that new orders for durable goods declined by 0.8% in September, somewhat better than expectations, but slightly below the 0.1% decline in August. Economists point out that the data is suggestive of slow but steady growth.

Sales of new homes gained in August

The Census Bureau reported that sales of new homes increased in September to an annualized rate of 313,000 units, surpassing expectations. The September rate was 5.7% higher than the August amount, but slightly below the rate of September 2010. The median new-home price fell 10% from the prior year.



Home prices improved recently

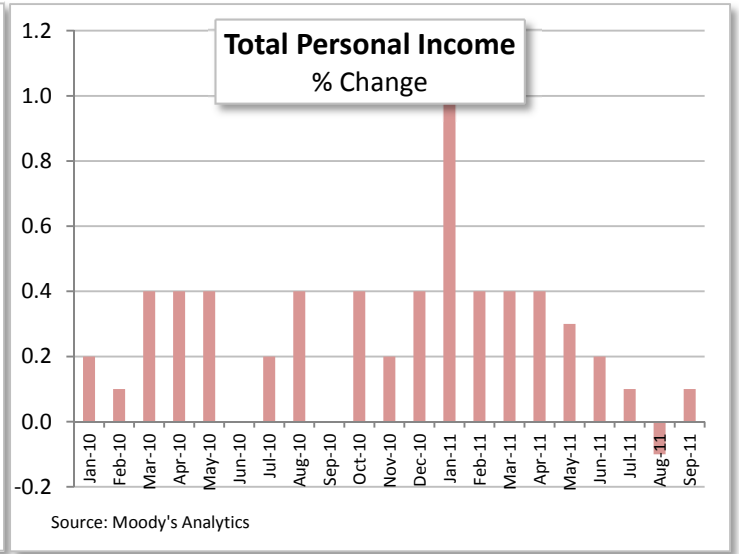
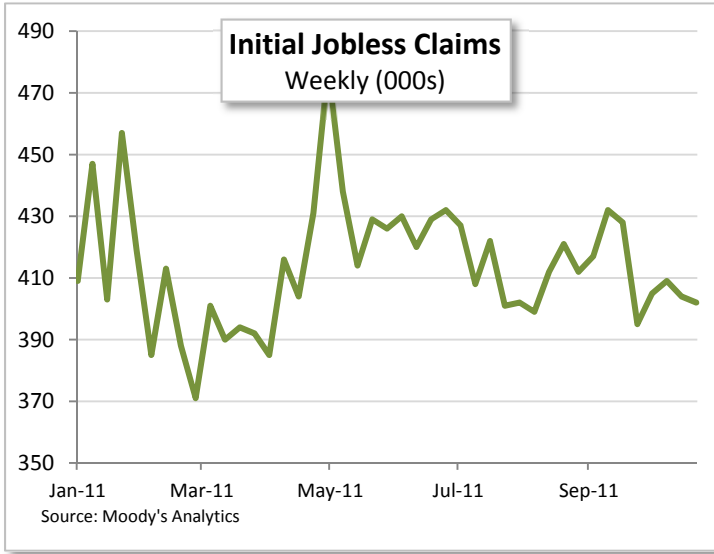
Standard & Poor's reported that on a year-over-year basis, existing-home prices improved slightly in the three-month period ending in August. The general housing market will turn up eventually, but economists warn that home prices are typically the last measure to improve. While the data have stabilized, there is no good indication that significant improvement is on the horizon.

Jobless claims edged lower

The Labor Department reported that jobless claims declined by 2,000 to 402,000 in the week ending October 22. The level of claims is in a holding pattern slightly above 400,000, which is the threshold many economists believe has to be broken in order to achieve meaningful job growth.

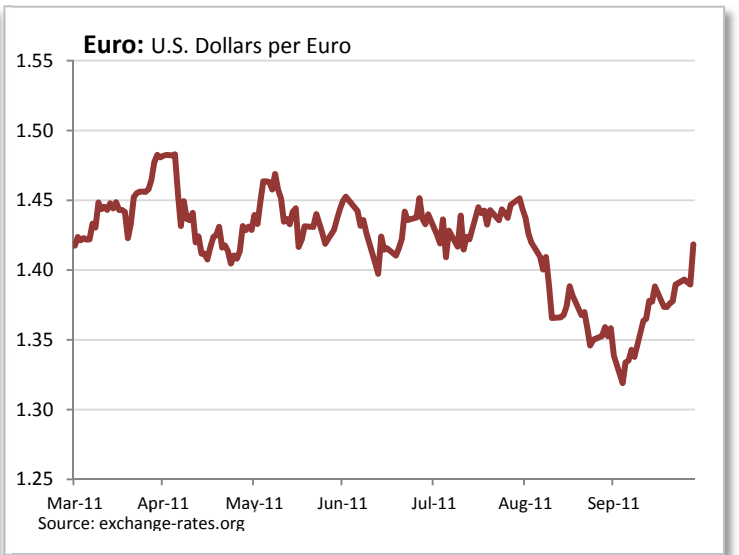
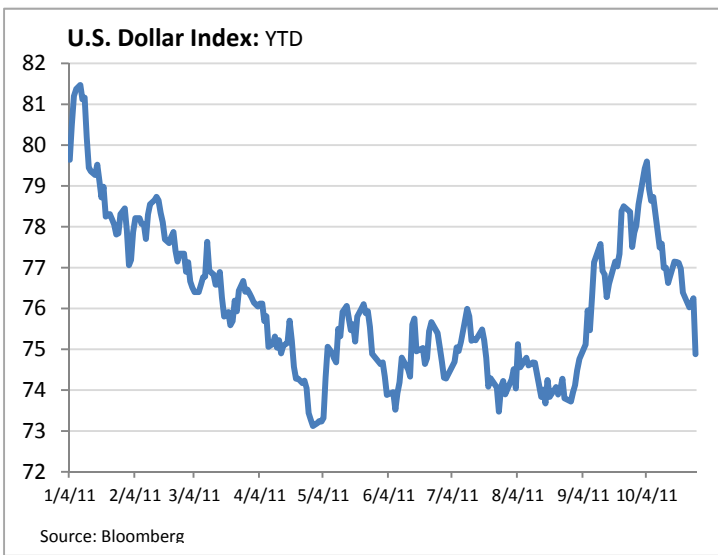
Personal income rose modestly in September

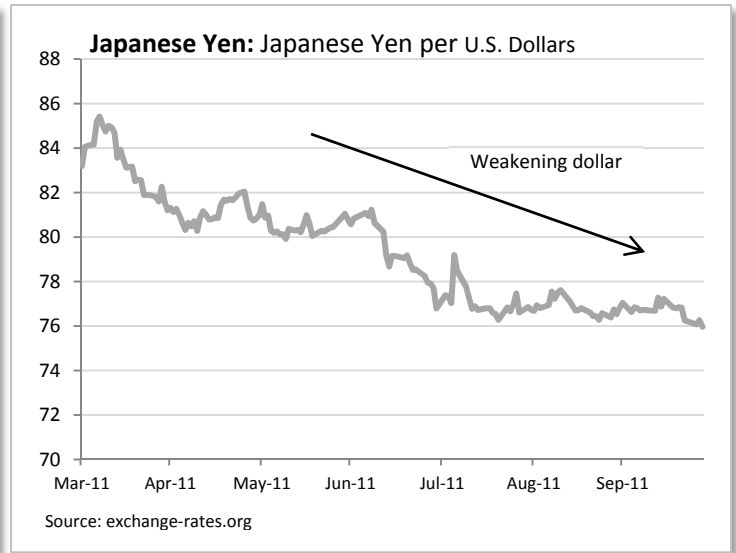
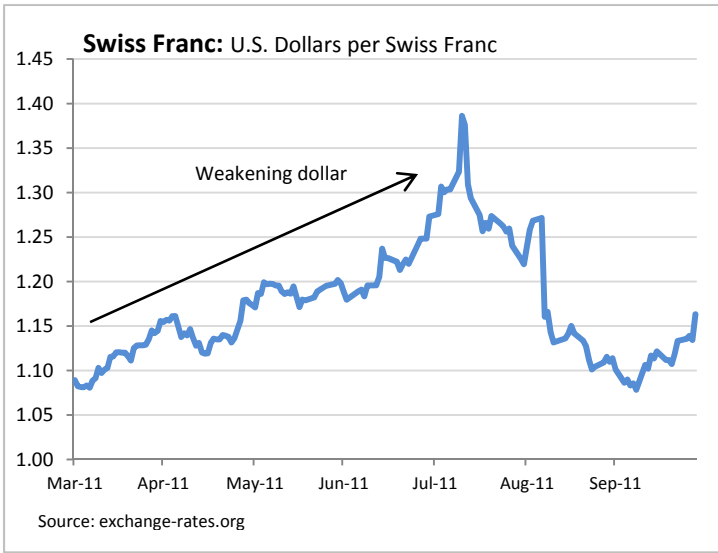
The Bureau of Economic Analysis reported that personal income rose a meager 0.1% in September, slightly below expectations. The savings rate also dropped significantly in the month, as investors spent more than anticipated. Economists warn, however, that the pace of consumer spending is not sustainable without growth in income.



CURRENCIES

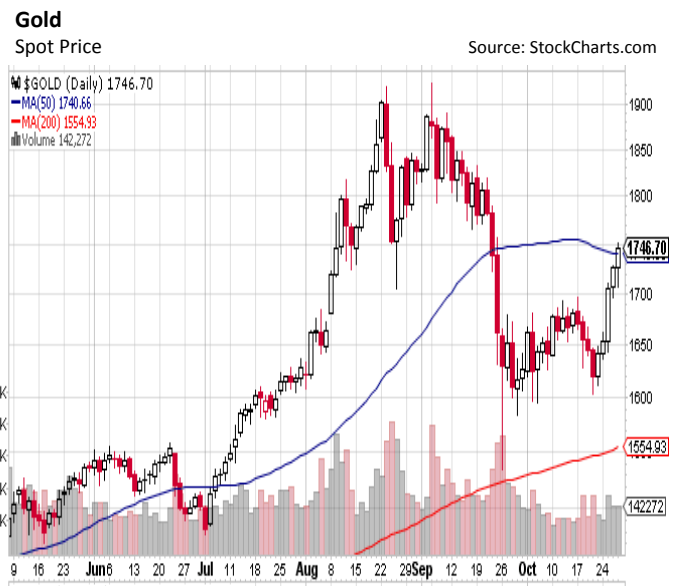
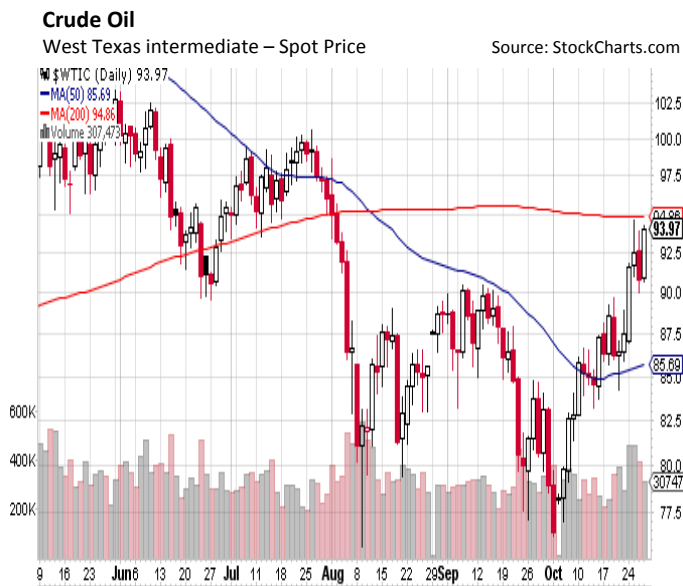
The dollar declined against a basket of six major currencies. The dollar's weakness came as a result of the euro-zone plan to resolve the region's financial crisis. Traders greeted the plan with enthusiasm, and returned to the euro from the relative safe haven of the dollar. The euro rallied the most in almost 2 ½ years on Thursday once the package was announced. The package reduces Greece's debt, recapitalizes the euro-zone's banks, and increases the region's bailout fund by about five times to a total of about \$1.4 trillion. Another safe-haven currency, the Japanese yen, also fell against the euro, but the dollar fell much more, meaning the dollar hit all-time lows relative to the yen. Japanese officials warned they may need to step in to take action to relieve the upward pressure on its currency.





COMMODITIES

Commodity prices surged this week, responding to euro-zone leaders' comprehensive plan to solve the regions sovereign debt problems. Gold prices rose based on uncertainty as to whether the measures would be effective, as well as traders' beliefs that if the plan does work as expected, inflation may be more of a concern. The December contract for gold settled at \$1,744.90 per ounce, up about 6.3% on the week. Likewise, crude prices gained on news of the euro-zone resolution, both because of potential demand created by an improving economy, but also because of the decline in the dollar. Also supporting the rise in crude prices have been reports of declining U.S. crude inventories. The December contract for light sweet crude settled the week at \$93.53, up about 6.7%. The Dow Jones-UBS Commodity Index surged approximately 4.8% for the week to close at 150.87.



Next Week's Economic Calendar

	Economic Report
Tuesday	ISM Manufacturing Index
	Construction Spending
Wednesday	FOMC Monetary Policy
Thursday	ISM Nonmanufacturing Index
	Jobless Claims
	Factory Orders
Friday	Employment Situation

Source: Moody's Analytics

Brandon Thomas
Managing Director
Chief Investment Officer

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