

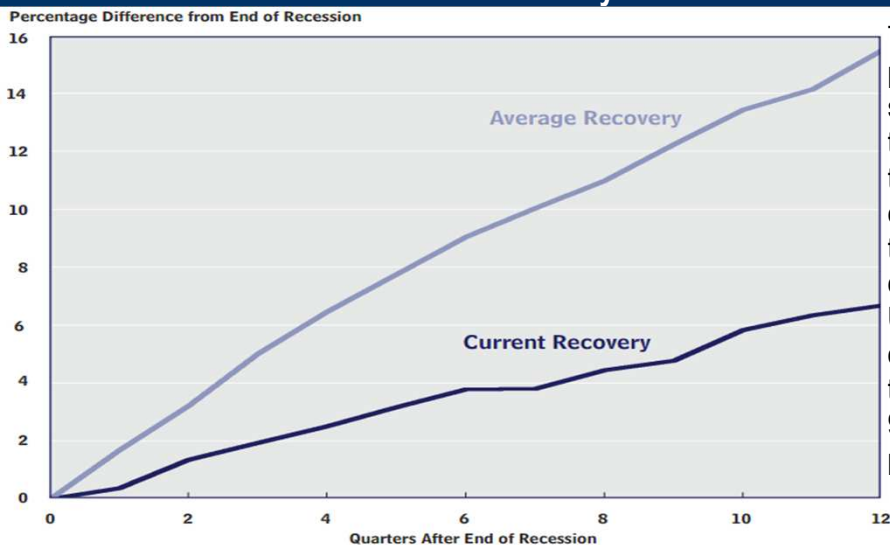
Current Rate Environment

Short Term Rates	Today	Last Week	Change
1-Month LIBOR	0.21%	0.21%	0.00% ○
3-Month LIBOR	0.31%	0.31%	0.00% ○
Fed Funds	0.25%	0.25%	0.00% ○
Fed Discount	0.75%	0.75%	0.00% ○
Prime	3.25%	3.25%	0.00% ○
US Treasury Yields			
2-year Treasury	0.27%	0.24%	0.03% ↑
5-year Treasury	0.69%	0.61%	0.08% ↑
10-year Treasury	1.69%	1.58%	0.11% ↑
Swaps vs. 3M LIBOR			
2-year	0.50%	0.48%	0.02% ↑
5-year	0.92%	0.85%	0.07% ↑
10-year	1.83%	1.73%	0.10% ↑

Fed Speak & Economic News:

- The start of the holiday season kept investors in a buoyant mood, with the help of some warm turkey and pumpkin pie, as U.S. equity markets posted their biggest weekly gain in five months with the Dow closing above 13,000 for the first time since the presidential election. Retail sales over the long holiday weekend rose by an estimated 13% to \$59.1 billion with online sales on Black Friday topping the \$1 billion mark for the first time. Most shoppers will park their carts and head to the internet for "Cyber Monday", with some analysts expecting online retailers to rake in an additional \$1.5 billion. The spending this holiday season suggests that shoppers have already budgeted for the fiscal uncertainty ahead and any change in spending patterns, in response to the fiscal cliff, would not occur until late 2013. U.S. lawmakers return to the discussion table after Thanksgiving break for a three-week session. Several Republican lawmakers over the weekend, reportedly, said that they are ready to break a long-standing promise not to raise taxes. Both parties remain optimistic that a deal can be reached, but they also remain guarded.
- Fed Chairman Ben Bernanke, at a speech last week, continued to reiterate the importance of Washington's leaders to get their act together and that there is little the Fed can do if the fiscal cliff isn't addressed. More importantly, the Chairman dropped no hints as to whether the central bank would buy more long-dated bonds in 2013 and replace Operation Twist with another program.
- Last week's bounce in sentiment has come amid low volumes, and the rally is likely to be tested this week as focus returns to the Eurozone. European finance chiefs have failed twice in the last two weeks to reach an agreement to release \$56.8 billion for the cash-strapped nation. The Troika is due to take a third shot, later today, at reaching a deal over reducing Greece's debt burden.

Weekly Chart



The 2008 Recession may prove to be one of the most stubborn recessions of all time. Three years following the recession, the U.S. economy has grown at less than half the average rate during other recoveries in the United States since the end of World War II, according to the CBO. Real GDP is nearly 9% below the average for previous recoveries.

Source of Chart & Financial Data: The Congressional Budget Office and Bloomberg

U.S. Economic Data

- Housing starts rose 3.6% to an 894,000 annual rate, the fastest since July 2008 and also a four-year high.
- Consumer confidence changed little at 82.7 from the prior month's 82.6.
- Purchases of existing homes increased 2.1% to a 4.79 million annual rate; record-low mortgage rates continue to act as a catalyst
- The Mortgage Bankers Association's index fell 2.2% in the period ended Nov. 16, suggesting fewer homeowners sought to refinance.

Date	Indicator	For	Forecast	Last
27-Nov	Consumer Confidence	Nov	73.0	72.2
27-Nov	Durable Goods Orders	Oct	(0.7%)	9.8%
28-Nov	New Home Sales	Oct	390K	389K
28-Nov	Fed's Beige Book	Oct	-	-
29-Nov	GDP QoQ (Annualized)	3Q S	2.8%	2.0%
30-Nov	Personal Spending	Oct	0.0%	0.8%

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