

The Week in Review

- Consumer sentiment decreased in Oct.
- Jobless claims increased to 374,000.
- Consumer credit increased 5.5% saar.
- NFIB small business optimism index dipped slightly.
- FOMC minutes showed Committee was divided over tapering decision.

The Week Ahead

- Empire State Survey
- CPI
- Housing Starts
- Industrial Production
- Philadelphia Fed Survey
- Initial Claims

Thought of the Week

As this is being written, there are signs of progress in Washington with the potential for a short-term deal to extend the debt ceiling and end the government shut down. A short-term solution would reduce the risk of a government default in the very near future, but does not remove the threat entirely. Some have argued that if we hit the debt limit, the Treasury department should not prioritize debt payments above its other obligations as most U.S. Treasury debt is owned by foreigners. However, as is shown in the chart, this is not true, with foreigners accounting for only a third of federal debt holders and the rest owed to U.S. citizens. Beyond the catastrophic disruption of financial markets that would be caused by failing to raise the debt limit, such a failure would directly hurt U.S. investors more than anyone else in the world. Hopefully, as both politicians and the public become more aware of this, the temptation to use the debt limit as a political bargaining chip will recede.

Please see important disclosure on next page.

Weekly Data Center

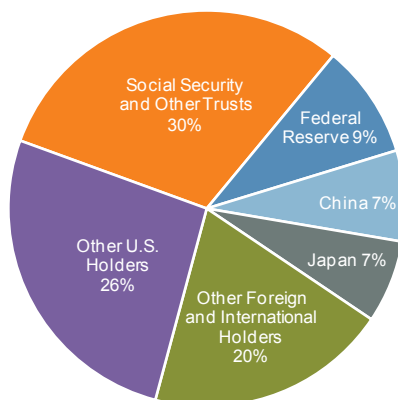
Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	1703	0.81	1.37	21.44	21.53	55.93
Dow Jones 30	15237	1.14	0.80	18.62	17.29	49.72
Russell 2000	2695	0.58	1.01	28.97	32.54	62.95
Russell 1000 Growth	523.18	0.16	0.80	21.84	21.73	58.07
Russell 1000 Value	532.67	1.15	1.79	22.62	24.01	56.30
MSCI EAFE	1828	0.63	0.55	17.24	24.70	26.02
MSCI EM	1023	1.56	3.67	-0.53	5.69	0.62
NASDAQ	3792	-0.41	0.57	26.84	26.13	63.58

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	2.38	0.02	-0.04	-1.93	-1.80	8.09
U.S. Corporates	3.30	0.21	0.27	-2.36	-2.06	13.16
Municipals (10yr)	2.91	-0.27	-0.27	-2.34	-1.73	11.39
High Yield	6.68	0.33	0.77	4.53	7.29	29.53

Key Rates	Levels (%)					
	10/11/13	10/4/13	9/30/13	12/31/12	10/11/12	10/11/10
2-yr U.S. Treasuries	0.35	0.33	0.33	0.25	0.28	0.35
10-yr U.S. Treasuries	2.70	2.66	2.64	1.78	1.70	2.41
30-yr U.S. Treasuries	3.74	3.73	3.69	2.95	2.86	3.75
10-yr German Bund	1.86	1.84	1.78	1.31	1.50	2.27
3-mo. LIBOR	0.24	0.24	0.25	0.31	0.34	0.29
3-mo. EURIBOR	0.23	0.23	0.23	0.19	0.21	0.99
6-mo. CD rate	N/A	N/A	N/A	0.31	0.35	0.36
30-yr fixed mortgage	4.42	4.42	4.49	3.52	3.56	4.21
Prime Rate	3.25	3.25	3.25	3.25	3.25	N/A

Chart of the Week

Ownership of U.S. Treasury Securities
% of total public debt, as of Dec. 2012



Style Returns

	V	B	G
L	1.1	0.8	0.2
M	0.9	0.1	-0.7
S	1.6	0.6	-0.4

	V	B	G
L	22.6	21.4	21.8
M	25.2	25.6	25.9
S	25.0	29.0	33.1

S&P 500 Sector Returns

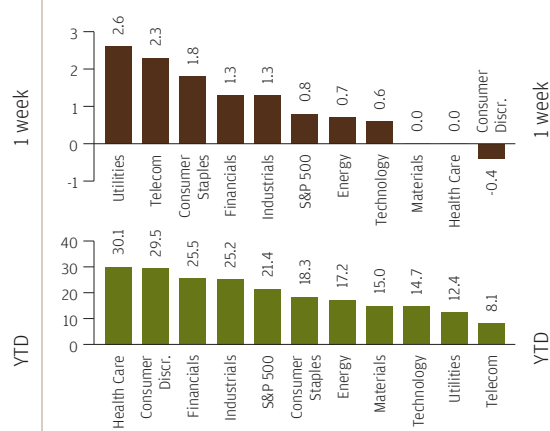


Chart of the Week: Source: Office of Debt Management, U.S. Treasury, J.P. Morgan Asset Management.

Thought of the week: Source: Office of Debt Management, U.S. Treasury, J.P. Morgan Asset Management.

Equity Price Levels and Returns: All returns represent total return for stated period. Index: S&P 500; provided by: Standard & Poor's. Index: Dow Jones Industrial 30 (The Dow Jones is a price-weighted index composing of 30 widely-traded blue chip stocks.) ; provided by: S&P Dow Jones Indices LLC. Index: Russell 2000; provided by: Russell Investments. Index: Russell 1000 Growth; provided by: Russell Investments. Index: Russell 1000 Value; provided by: Russell Investments. Index: MSCI - EAFE; provided by: MSCI - gross official pricing. Index: MSCI - EM; provided by: MSCI - gross official pricing. Index: Nasdaq Composite; provided by: NASDAQ OMX Group.

MSCI EAFE is a Morgan Stanley Capital International Index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East.

Bond Returns: All returns represent total return. Index: Barclays US Aggregate; provided by: Barclays Capital. Index: Barclays Investment Grade Credit; provided by: Barclays Capital. Index: Barclays Municipal Bond 10 Yr; provided by: Barclays Capital. Index: Barclays Capital High Yield Index; provided by: Barclays Capital.

Key Interest Rates: 2 Year Treasury, FactSet; 10 Year Treasury, FactSet; 30 Year Treasury, FactSet; 10 Year German Bund, FactSet. 3 Month LIBOR, British Bankers' Association; 3 Month EURIBOR, European Banking Federation; 6 Month CD, Federal Reserve; 30 Year Mortgage, Mortgage Bankers Association (MBA); Prime Rate: Federal Reserve.

Commodities: Gold, FactSet; Crude Oil (WTI), FactSet; Gasoline, FactSet; Natural Gas, FactSet; Silver, FactSet; Copper, FactSet; Corn, FactSet. Dow Jones UBS Commodity Index, S&P Dow Jones Indices LLC.

Currency: Dollar per Pound, FactSet; Dollar per Euro, FactSet; Yen per Dollar, FactSet.

S&P Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Standard & Poor's.

MSCI Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from MSCI and Price information from FactSet's Pricing database as provided by MSCI.

Russell 1000 Value Index, Russell 1000 Growth Index, and Russell 2000 Index Characteristics: Trailing P/E is provided directly by Russell. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Russell.

Sector Returns: Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends.

Style Returns: Style box returns based on Russell Indexes with the exception of the Large-Cap Blend box, which reflects the S&P 500 Index. All values are cumulative total return for stated period including the reinvestment of dividends. The Index used from L to R, top to bottom are: Russell 1000 Value Index (Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values), S&P 500 Index (Index represents the 500 Large Cap portion of the stock market, and is comprised of 500 stocks as selected by the S&P Index Committee), Russell 1000 Growth Index (Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values), Russell Mid Cap Value Index (Measures the performance of those Russell Mid Cap companies with lower price-to-book ratios and lower forecasted growth values), Russell Mid Cap Index (The Russell Midcap Index includes the smallest 800 securities in the Russell 1000), Russell Mid Cap Growth Index (Measures the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values), Russell 2000 Value Index (Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values), Russell 2000 Index (The Russell 2000 includes the smallest 2000 securities in the Russell 3000), Russell 2000 Growth Index (Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values).

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Diversification does not guarantee investment returns and does not eliminate the risk of loss.

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Unless otherwise stated, all data is as of October 11, 2013 or as of most recently available.