



The Centurion MARKET REVIEW

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INDEX	This Week	Last Week		Change	% Change	YTD % Change	
DOW	10,877.5	10,931.6	▼	- 54.1	- 0.49%	0.88%	▲
NASDAQ	2,273.4	2,263.1	▲	10.3	0.45%	4.50%	▲
S&P 500	1,265.1	1,268.3	▼	- 3.2	- 0.25%	4.39%	▲
5yr Treasury	4.45%	4.34%	▲	11 bps	2.56%	23.26%	▲
10yr Treasury	4.52%	4.43%	▲	9 bps	1.99%	7.19%	▲
Gold (\$)	507.0	496.4	▲	10.60	2.14%	16.02%	▲
Oil (\$/barrel)	59.32	58.71	▲	0.61	1.04%	36.52%	▲

Market Summary

Head Winds in the Market

The broad advance in stocks stalled slightly this week with the Dow and S&P down and the NASDAQ up slightly. The DOW has gained nearly 700 points and 7% in the past 7 weeks while the S&P has added 7.5% since Oct. 27 and the NASDAQ is up over 10% since Oct. 18. The broad market showed strength, evidenced by strong breadth and volume this week as money managers don't want to miss another leg of this rally as we head into the last month of the year. We see S&P support at 1258.75 then 1250.50, with resistance at 1268.0 then 1273.0.

Gold was the big winner this week getting over the \$500 level before the Dow reached 11,000. The yellow metal rallied to 22 yr highs hitting \$509 before closing the week at \$507. Silver and copper also hit multi-year highs.

As the shock of the hurricanes and high gasoline prices fade into memories, consumer confidence is soaring. In November the index rose almost 14 points to 98.9 from 85.2 in October. This is the highest level of confidence since before the hurricanes hit in August. This report proves that the decline in confidence was not related to economic fundamentals but to the psychological blow of the hurricanes and the related spike in gas prices.

Non-farm payrolls rose 215,000 in November. Revisions to the prior months were negligible as payrolls in September and October were revised a net 13,000 higher. The unemployment rate held steady at 5.0% in November. This report is about as close to consensus expectations as an employment report can be. The report shows solid employment growth and hints that tightness in the labor market may be pushing wage increases higher. If this trend continues, it will be of concern to the merry-makers at the Fed. Uncle Alan is virtually certain to boost the overnight rate on Dec. 13 by another quarter-point, to 4.25%. The market places 80% probability of another quarter-point move in January, but that's down from 100%. The odds of a quarter-point hike, to 4.75%, in March have plunged to 42% from 75%.

Meanwhile, Mr. Gold is telling us that he disagrees with the markets new view.

The 2-10 Treasury spread continues to narrow while the 2-3 year spread inverted this week. The 2-10 spread is currently sitting at 10bps. 10-year yields were above the psychologically important 4.50% level closing at 4.52%