

STIFEL NICOLAUS

The Mark and Jason Group

Weekly Market Update

Week of November 29, 2010

THE MARKETS:

People around the world are arguably more connected now than any other time in history. During the past hundred years, remarkable advances in science, trade, and technology have drawn us closer together. Just 15 years ago, who would have thought we would be able to use our mobile devices to video conference with individuals on the other side of the world? So many things that once seemed impossible have now become everyday occurrences. And yet, this trend toward globalization has also raised significant challenges – some of which we are battling right now.

In recent days, news sources have been commenting on how developments abroad could affect the condition of the U.S. Economy. For example, a FOX News headline from Saturday read: *International Crises Threaten to Overshadow Obama's Economic Message*¹, and TIME Magazine online asked Sunday: *Will North Korea's Artillery Blast the Global Economy?*² As these headlines emphasize, the actions of our distant neighbors give many pause for concern. How should we react to such news?

Back in the spring, you may recall that problems in Greece and the so-called PIIGS (Portugal, Ireland, Italy, Greece, Spain) countries caused markets around the world to fall and raised fears of a global double-dip recession.³ Before long though, the Greek bailout plan and the establishment of a European bailout fund quieted those fears for a time and the markets experienced a nice summer rally. Or you may recall back in March that North Korea sank a South Korean naval vessel, but there was no medium or long-term damage done to either the economy of South Korea, the U.S., or the wider East Asian region.⁴ What do these examples teach us?

There will always be bad news to shake up the stock market and rattle investors. And while past performance is no guarantee of future results, declines are historically followed by advances. And, of course, hindsight is always 20/20. When it comes to investing, there are no crystal balls. It is for this reason that we are wise to maintain a long-term approach, stay focused on our objectives, diversify as much as possible, and make adjustments where necessary.

In a way, the words of White House chief spokesman Robert Gibbs on Tuesday capture the essence of the point we are trying to make. Speaking about how the time Obama spends focused on international issues could distract from time spent working on the

domestic economy, he said: "there are events that happen like North Korea that you have to address as they happen, not how you would plan for them to happen."⁵

Please rest assured that we are ever alert to the changing world scene, and that we will keep you informed about events that could affect you and adjustments that should be made.

| Data as of 11/26/2010 | 1-Week | Y-T-D | 1-Year | 5-Year | 10-Year |
|------------------------------------|--------|-------|--------|--------|---------|
| Standard & Poor's 500 | -0.86 | 6.66 | 7.09 | -1.24 | -1.14 |
| Dow | -1.00 | 6.37 | 6.00 | 0.29 | 0.59 |
| NASDAQ | 0.65 | 11.7 | 16.5 | 2.40 | -1.27 |
| MSCI EAFE | -4.15 | -0.71 | 0.90 | -0.51 | 0.88 |
| 10-year Treasury Note (Yield Only) | 2.88 | N/A | 3.45 | 4.43 | 5.62 |

Notes: All index returns exclude reinvested dividends, and the 5-year and 10-year returns are annualized.

Sources: Yahoo! Finance, MSCI Barra. Past performance is no guarantee of future results.

Indices are unmanaged and cannot be invested into directly. NA means not available.

ECONOMIC CALENDAR:⁶

Tuesday – S&P Case-Shiller Home Price Index, Chicago PMI, Consumer Confidence

Wednesday – Motor Vehicle Sales, ADP Employment Report, Productivity and Costs, ISM Manufacturing Index, Construction Spending, EIA Petroleum Status Report

Thursday – European Central Bank (ECB) Announcement, Jobless Claims, Pending Home Sales, EIA Natural Gas Report

Friday – Employment Situation, Factory Orders, ISM Non-Manufacturing Index

HEADLINES:

Online sellers kick off the week with one of their biggest sales days of the year - Cyber Monday. E-tailers consider it their version of Black Friday. It is the day that Web merchants furiously push big discounts, free gift cards, free shipping and any other gimmick they can think of to entice consumers to spend even more of their holiday shopping dollars online.⁷

ComScore, a digital marketplace research firm, expects online sales for the 2010 holiday season will reach \$32.4 billion, marking an 11% increase over the previous year for the combined November-December gift-buying period.⁸

Billionaires Warren Buffett and Bill Gates said Sunday in addition to their enormous philanthropic contributions, they are willing to pay higher U.S. taxes. The pair appeared on ABC's "This Week" to discuss "The Giving Pledge," a program that recruits the

wealthy to donate at least half of their wealth to philanthropic causes, which if successful would raise \$600 billion. "The rich are always going to say ... just give us more money, and we'll go out and spend more, and then it will all trickle down to the rest of you, but that has not worked the last 10 years, and I hope the American public is catching on," Buffett said.⁹

The pound posted its biggest weekly drop against the dollar in more than six months as concern that China is moving to slow its economy and tensions between North and South Korea diminished demand for riskier assets. The pound dropped to \$1.5602 as of 4:30 p.m. in London yesterday, a weekly decline of 2.4%. It's the third weekly decline against the dollar in a row and the biggest since the week ending May 7.¹⁰

QUOTE OF THE WEEK:

"I honestly think it is better to be a failure at something you love than to be a success at something you hate." – George Burns

RECIPE OF THE WEEK:

Apple Spice Turkey Salad with Nutmeg



Leftovers? Try this delicious recipe!

Ingredients:

2 1/4 cups diced or pulled cooked turkey

2 cups chopped celery

2 cups chopped apples

1/4 cup raisins

2 tbsp mayonnaise

2 tbsp plain yogurt

1/4 tsp ground nutmeg

1/4 tsp ground cinnamon

1/4 tsp salt

1/8 tsp ground black pepper

Preparation:

Combine turkey, celery, apples and raisins in a large bowl; set aside.

In a small bowl, mix together mayonnaise, yogurt, nutmeg and cinnamon. Fold into turkey mixture; season with salt and pepper. Keep refrigerated until serving time.

GOLF TIP OF THE WEEK:

Hit high, not low.

It is a fairly common misconception that overly high shots are less desirable than low screamers. Note however that great golfers hit high shots *not* low. On the pro tour in the sixties, there was a saying: "High, Higher, and Highest", and there is some truth to that saying. Great shots tend to launch high and long. Low shots are preferred only in windy or bump and run conditions. Remember that ground and grass create friction and resistance that slow a ball down faster than air. There's nothing wrong with hitting monster drives. Don't be ashamed for trying!

Share the Wealth of Knowledge!

Please share this market update with family, friends, or colleagues. If you would like us to add them to our list, simply click on the "Forward email" link below. We love being introduced!.

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Investing involves risk including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values.

The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.

The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq. The DJIA was invented by Charles Dow back in 1896.

The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) that serves as a benchmark of the performance in major international equity markets as represented by 21 major MSCI indexes from Europe, Australia and Southeast Asia.

The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

Google Finance is the source for any reference to the performance of an index between two specific periods.

Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

Past performance does not guarantee future results.

You cannot invest directly in an index.

Consult your financial professional before making any investment decision.

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named Broker dealer gives tax or legal advice. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. Please consult your financial advisor for further information.

¹ <http://www.foxnews.com/politics/2010/11/27/international-crises-threaten-overshadow-obamas-economic-message/?test=latestnews>

² <http://curiouscapitalist.blogs.time.com/2010/11/23/will-north-korea%E2%80%99s-artillery-blast-the-global-economy/>

³ http://money.cnn.com/2010/11/24/news/economy/european_contagion/index.htm

⁴ <http://curiouscapitalist.blogs.time.com/2010/11/23/will-north-korea%E2%80%99s-artillery-blast-the-global-economy/>

⁵ <http://www.foxnews.com/politics/2010/11/27/international-crises-threaten-overshadow-obamas-economic-message/?test=latestnews>

⁶ <http://www.econoday.com/>

⁷ http://money.cnn.com/2010/11/26/news/economy/cyber_monday_next/index.htm

⁸ http://money.cnn.com/2010/11/26/news/economy/cyber_monday_next/index.htm

⁹ http://www.upi.com/Top_News/US/2010/11/28/US-billionaires-happy-to-pay-more-taxes/UPI-34701290966466/

¹⁰ <http://www.bloomberg.com/news/2010-11-27/pound-drops-versus-dollar-on-china-tightening-korea-unease-.html>