The markets over the past few months have been marathon-like, testing investors' optimism, strength and endurance. Throughout the course, we have reached grueling obstacles such as the market's lack of liquidity in late summer, the European debt crisis, and nerve-wrecking uncertainty about the direction of the U.S. economy.

November provided no relief as the markets continued to move in whip-saw like fashion. European debt woes dominated headlines which drove markets and erased much of October's gains. The technology-laden Nasdaq was down the most, while a strong rally on the final day of the month helped bring the S&P 500 close to break-even. The Dow – the sole gainer for the month – managed to regain the 12,000 threshold it has been criss-crossing for weeks. And not surprisingly, the international markets bore the brunt of the selloff, with troubled euro-zone nations in bear markets.

The almost daily tradeoff between risk-on and risk-off during the month nudged the yield on the 10-year Treasury downward to just over 2%. Meanwhile, anxiety about the euro's future caused the currency to fall from $1.41 to $1.33 against the dollar. Despite the dollar strength, oil prices rose, once again closing on $100 a barrel. And after a brief bounce back up to $1,800, gold retreated before recovering to roughly $1,740 an ounce.

Market Snapshot	Month Change	YTD Change
DJIA	0.76%	4.04%
Nasdaq	-2.39%	-1.23%
S&P 500	-0.51%	-0.85%
MSCI EAFE	-5.20%	-13.90%
10 Year Treasury	-0.04%	-1.23%
Gold	1.70%	22.60%
Crude Oil (USD/Barrel)	7.17%	8.98%
Euro (USD/Euros)	-4.18%	0.50%
US Dollar Index	2.50%	-0.70%

Month in Review

- Despite bond buying by the European Central Bank, the overseas debt debacle spread from the periphery of Greece, Portugal and Ireland to larger core economies such as Italy and Spain. Yields on Italian and Spanish debt neared or exceeded the 7% level that triggered the need for bailouts in the smaller countries. As investors became more reluctant to lend in Europe, even France and Germany showed signs of weakness. By month end, six central banks adopted measures that would facilitate currency exchanges among the banks to increase liquidity in the global financial system, especially in Europe.
- The congressional supercommittee was not successful in finding ways to cut the national deficit by $1.2 trillion. As a result, the previously determined across-the-board budget cuts, split almost evenly between defense and other programs, are slated to be implemented in 2013.
- The U.S. economy grew 2% in the third quarter, and key indicators are showing enough positive signs to keep the economy growing and avoid a recession. Record breaking sales during Black Friday and Cyber Monday, along with inventory rebuild, should boost GDP for the final quarter of the year.
- Jobs continue to grow at a slow pace, and discouraged workers continue to exit the work force. Collectively, this lowered the unemployment rate to 8.6%.
- Lower energy costs helped reduce inflation at both the consumer and wholesale levels. CPI fell 0.1% while PPI fell 0.3%. Personal income and spending rose by 0.4% and 0.1% respectively, while the savings rate edged up to 3.5% of income.
- Housing starts dipped by 0.3%, but were still 16.5% higher than the same time last year. Building permits were up 10.9%. Meanwhile, home prices remained lackluster, which encouraged buyers as sales of new homes rose 1.3% for the month and 8.9% over last year.

As the finish line draws nearer, headlines will continue to dominate the markets. Improving economic data and possible fiscal policy coordination among European Union officials and new supportive measures from central banks could provide the shot-in-the-arm investors need for a strong and resilient finish to 2011. However, as we flip the calendar to 2012, the fate of the payroll tax cuts and unemployment benefits scheduled to expire at year-end could influence investors' assessment of the recovery's prospects.

On behalf of the investment team at FineMark National Bank & Trust, we wish you a happy and joyous holiday season.