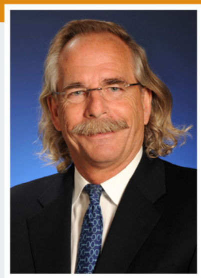
THE OMNIVEST MARKET VIEW



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Week in Review & Preview Glimpse

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	Week ending 10/21/11
	(%)
Gold	-2.79
Silver	-2.56
Oil	0.69
	TR (%)
S&P 500 Index	1.14
Russell 2000 Index	0.00
Emerging Equity Markets	-1.59
Developed Equity Markets	0.67
	(bps)
2-year Treasury Yields	0.16
5-year Treasury Yields	-4.37
10-year Treasury Yields	-2.84
30-year Treasury Yields	3.23
	TR (%)
High Yield Bonds	1.88
Investment Grade Bonds	1.00
Municipal Bonds	0.46

Source: *Bloomberg*

It was a volatile week for most asset classes as investors focused more on the political drama in Europe than the economic fundamentals and corporate earnings announcements.

Retail Sales came in much stronger than expected and Inflation data was less benign than anticipated. Initial Unemployment Claims held steady at around 400,000 and the Philadelphia Fed Index surprised on the upside which all contributed to a positive economic background. From an earnings perspective, 106 companies have reported from the S&P 500 Index thus far and 74% of those companies have beaten expectations.

In Europe, another delay (until mid-week) of the grand plan has diminished - at least temporarily - Greece's Parliamentary passage of a difficult austerity program. By the end of the week, it had become expected that the EU would announce a $1.37 trillion financial bailout package. The hopes of a 'bazooka-like' financial package help push the German DAX Index up 3.55% on Friday, the CAC 40 Index up 2.83% and the S&P 500 Index up 1.90%.

On the week, the S&P 500 Index gained 1.14%, developed markets gained 0.67% and emerging markets lost 1.59%. Gold and silver also lost ground on the week, losing 2.79% and 2.56% respectively. In the risk-free Treasury market, 5 and 10-year yields fell 4.37 basis points (bps) and 2.84 bps respectively. 30-year Treasury bond yields crept higher and are now at their highest levels since September 14th. The rise of 30-year bond yields strongly suggests that the market benefits from Operation Twist are now over.

The short lived decline in 30-year bond yields has now caused several Federal Reserve officials to talk about the need to purchase more assets outright (QE3). Federal Reserve Vice Chairman Janet Yellen and Federal Reserve governor Daniel Tarullo favor a new round of outright mortgage purchases to stimulate economic growth.

Against this backdrop of another round of quantitative easing and a 'bazooka-like' plan coming from Europe this week, it would not be surprising to see risk assets continue to add to their positive performance. High yield bonds for the week gained 1.88% with lower quality municipals gained 0.60%. The S&P 500 Index now stands at its highest level since early August and is beginning to challenge those in the bearish camp who may not be able to resist further gains, should they occur.

This week, the focus will be on the European plan followed by a series of economic data, starting with the Richmond Fed Index, Durable Goods Orders and New Home Sales. The most interesting data point will be the GDP report for the 3rd quarter which is anticipated to come in at 2.5%. A number close to this should end most discussions about the risk of the US falling into recession.