

# PFM WEEKLY MARKET UPDATE

November 21st, 2008

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## **Performance of Our Major Holdings**

<b>Name</b>	<b>Ticker</b>	<b>1 Wk</b>	<b>MTD</b>	<b>QTD</b>	<b>YTD</b>
<i>Russell 3000 Index</i>		-8.88	-18.39	-32.86	-45.49
BlackRock Equity Dividend	MADVX	-7.22	-13.66	-26.23	-38.45
Fidelity Advisor New Insights	FINSX	-7.13	-14.81	-28.11	-43.58
Fidelity Contrafund	FCNTX	-7.40	-14.97	-28.43	-43.49
Janus Adviser Mid Cap Growth	JDMAX	-12.13	-23.71	-39.70	-51.56
iShares Russell Midcap Value Index	IWS	-11.56	-22.77	-40.28	-49.49
Eaton Vance Tax-Managed Small-Cap	ETMGX	-10.60	-22.39	-41.11	-47.80
Allianz NFJ Small Cap Value	PNV DX	-8.91	-19.26	-33.81	-38.37
Royce Low-Priced Stock	RYLPX	-10.58	-22.88	-42.44	-50.27
DWS Disciplined Market Neutral	DDMSX	0.53	0.00	1.39	3.48
The Gateway Fund	GATEX	-6.23	-11.70	-19.80	-22.29
Morgan Stanley FX Alpha Strategy	FXADX	-0.27	-0.57	-1.72	-0.71
<i>MSCI EAFE Index</i>		-10.35	-15.71	-32.77	-53.66
Artio International Equity I	JIEIX	-7.21	-12.29	-28.02	-50.49
Artio International Equity II	JETIX	-6.43	-11.83	-26.90	-47.56
BlackRock International Opportunities	BISIX	-6.31	-12.19	-32.59	-52.02
Lazard Emerging Markets Equity	LZEMX	-10.73	-17.53	-41.69	-56.27
<i>BarCap Global Aggregate Bond Index</i>		0.34	1.50	-2.25	-2.68
PIMCO Total Return	PTTRX	-1.18	0.88	-0.01	-0.16
Templeton Global Bond	TGBAX	-1.77	-2.66	-3.99	-2.06

## **Snapshot of the Week that Was**

It was another rough week for the global equity markets, as inflation numbers caused many investors to fear the risk of deflation globally. The Russell 3000 Index declined 8.88%. Domestic U.S. markets outperformed their international counterparts as the Russell 3000 Index outperformed the MSCI EAFE by 1.47%. On the domestic front, large cap stocks outperformed small cap stocks by 2.20% and growth stocks outperformed value by 2.82%. On the fixed income side, the markets seemed to stabilize with the Barclays Global Aggregate Bond Index up 0.34%. In the U.S., investment grade bonds outperformed high yield bonds by 7.09%.

### **Economic Headlines**

The biggest concern for the market this week was the fear of deflation, and the October CPI and PPI numbers did nothing to help calm that fear. The Core Producer Price Index (PPI) rose 0.4% in October, while its consumer counterpart, the CPI, dropped 1.0%. Its important to remember though, deflation is not simply a drop in these inflation indicators; it is identified by a sustained period of declining prices paired with tightening monetary policy. In reality, declining consumer prices during a period of economic slowdown is actually quite normal, and in fact, a healthy sign of an economic system self correcting. Another positive sign came from the housing market where housing starts and new building permits fell to a record low, and indication that no new inventory is being added to the system in the form of new homes.

### **A Look Ahead**

This week marks the announcement of several other key indicators; on November 24<sup>th</sup>, October Existing Home Sales will be reported, followed by October GDP and Corporate profits on the 25<sup>th</sup>, and Personal Income, New Home Sales, Durable Goods, and Consumer Spending on the 26<sup>th</sup>.

As a reminder, the Thanksgiving Holiday marks a shortened trading week in the United States. The U.S. stock market is closed on Thursday, November 27<sup>th</sup> and will have a shortened session on November 28<sup>th</sup>. The U.S. bond market is closed both days.

### **Fun Fact of the Week**

This week instead of a fun fact, I thought I would simply include a few comments on the current market conditions.

As hard as it may be for you to see these gloomy numbers and forecasts every week, it is equally as painful for us to report them. However, we at Peak believe it is far more important for us to be providing our insights during this time than at any other.

As a reminder our offices will be closed on Thursday November 27<sup>th</sup> and Friday November 28<sup>th</sup>.

We hope that you enjoy a wonderful Thanksgiving Holiday with your friends and family.

