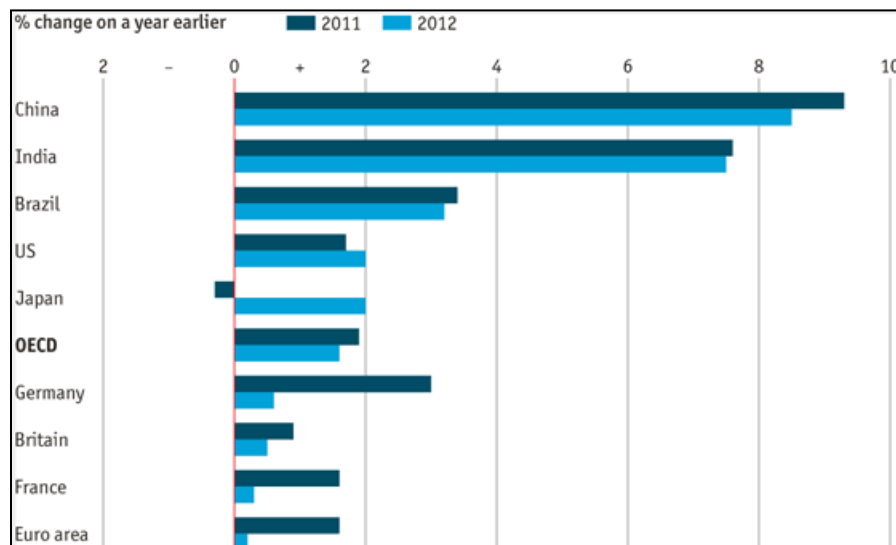


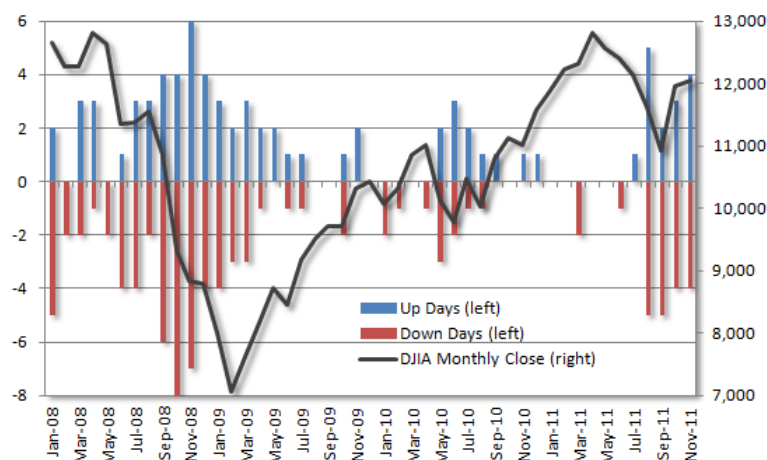
Market Recap

GDP Forecasts



Source: OECD

Dow Jones Industrial Average 200+ Point Up/Down Days



Source: Yahoo! Finance

This week, the OECD (Organization for Economic Co-operation and Development) issued GDP forecasts for its member countries and other emerging markets. Their projections suggest the high potential for a recession in Europe and a slowdown across the rest of the developed world. Euro-area GDP growth is expected to fall from 1.6% this year to 0.2% in 2012. Meanwhile, the U.S. economy is forecasted to grow 2% in 2012 (slightly ahead of 2011). Taken as a whole, the 34 countries that make up the OECD ordinarily account for around two-thirds of global GDP, but forecasts suggest that its members will contribute just 28% to world GDP growth in 2012. Worldwide growth continues to be dominated by emerging economies such as China and India, with GDP rates exponentially higher than developed economies.

Heightened volatility is once again the theme. Stocks closed sharply higher Wednesday as investors cheered the move by central banks to boost global liquidity. Also contributing to the upside was a slew of data released from the U.S., which alleviated fears of a possible "double dip." Including the big 490 point move higher for the Dow Jones Industrial Average, we had, for November, four 200+ point UP days to go along with four 200+ point DOWN days. The previous quarter saw 19 trading days in which the market moved 200 points or more compared with just one such day during the second quarter. The high level of excess volatility could signal that the economy's recent slow growth has reached an inflection point, but it is not clear whether that change is to the upside or downside. Despite the market being relatively flat for the year, investors who were nimble and tactical with their trading found the market volatility highly profitable.

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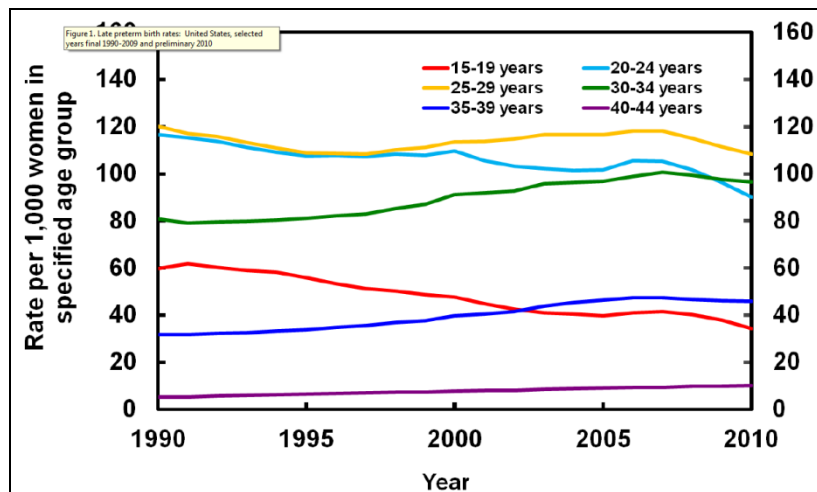
30-Day Rolling Correlation between Gold and the S&P 500



Source: JP Morgan

Traditionally, gold has been utilized by investors to adopt a more defensive posture. Allocations to precious metals were used as a hedge against inflation, uncertainty, or market volatility supported by a view that gold would always hold worth for its aesthetic value. In recent weeks, however, the daily price changes for gold have become noticeably more correlated to those of the stock market. One theory is that perhaps this reflects a 'liquidation trade,' whereby investors are raising cash at the expense of other asset classes including both gold and stocks. With a number of different dynamics at play in the current environment, it is difficult to pinpoint any precise reason for the tightened relationship. It is fair, however, to insert a note of caution if considering an investment in gold to hedge against the current market uncertainty or the potential for inflation.

U.S. Birth Rates



Source: Centers for Disease Control and Prevention

This week, the CDC (Centers for Disease Control and Prevention) released its survey of childbirth data for 2010. Just over 4 million babies were born in the U.S. in 2010, some 3% less than the previous year. Last year, the total fertility rate of 1,932 births per 1,000 females fell further below the replacement rate of 2,100 births for the third consecutive year. Explanations for the current trend include the economic slowdown coupled with a higher number of immigrants returning to their homelands. The birth rate decreased in women across all ethnic groups. Among age groups, women aged 40-44 were the only age group that had more babies in 2010 than in 2009 as more women wait longer to have children. Meanwhile, the birth rate for teenagers aged 15-19 continued to fall. Last year it reached a record low of 34.3 births per 1,000 females, a decline of 9% and the largest annual drop since 1946-47.

Contact: If you have any questions or comments, please do not hesitate to contact us at 703.992.6164. For more information about Harbour Capital Advisors, please visit our website at www.harbourcapitaladvisors.com.

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