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**EQUITY MARKET REBOUND TRIGGERS CAUTIOUS  
OPTIMISM ACCORDING TO FARMERS AND MERCHANTS TRUST COMPANY OCTOBER  
ECONOMIC COMMENTARY**

**LONG BEACH, Calif. – Nov. 21, 2011** – Global equity benchmarks enjoyed their best October monthly return since 1982, according to [Farmers and Merchants Trust Company's \(FMTC\)](#) October Economic Commentary. This massive rebound, coupled with an easing in the U.S. bond market, has sparked a glimmer of optimism for investors despite prevailing uncertainty surrounding the health of the global economy.

“The rebound of the global equity market was an unexpected success story following an extended period of uncertainty and decline,” said Jay Ferrara, vice president and investment officer with FMTC. “Despite this recovery, we expect investors to pursue defensive investment strategies in lieu of ongoing uncertainty surrounding debt, unemployment and market volatility.”

Key developments for the month of October include the following:

- Equity benchmarks posted their highest October return since 1982, following a five-month decline.
- 10-Year U.S. Treasury edged up to 2.3% following a decline in September. This signals an easing in the bond market, however not at the expected rate given the strength of the equity market.
- U.S. Corporate earnings for Q3 exceeded expectations, largely due to a lowering of estimates during the summer.
- The unemployment rate continues to hover near 9%, with more than 45 million Americans receiving food stamps.
- U.S. economic growth in 2012 will remain subdued, while Europe stands at risk to slide into a new recession.
- The U.S. debt level now exceeds \$15 trillion, with Social Security, Medicare and Medicaid pushing total commitments near \$70 trillion.
- Foreclosure activity has begun to reaccelerate while property values continue to decline.

Following positive news for equity, bonds and corporate earnings, the stability of the global economy continues to hinge upon the European debt crisis. “Hopes are still tied to a European solution for Greece, Portugal, Spain and Italy, yet many questions remain regarding the feasibility of a comprehensive package,” said Ferrara.

Farmers and Merchants Trust Company publishes its Economic Commentary on a monthly basis, providing insights and projections based on key economic indicators. The October report can be downloaded at <http://fmtrust.com/pdf/FMTCMonthlyBenchTableandEcon102011.pdf>.

### ***About Farmers and Merchants Trust Company***

Farmers and Merchants Trust Company is the oldest, continuously operating trust company in California, serving multiple generations since 1920. Farmers and Merchants Trust Company was founded in its current Long Beach location, 302 Pine Ave., by the Walker family and expanded to Orange County, at 24300 Paseo de Valencia, Laguna Hills, in 2000. The Trust Company provides full-service traditional personal trust management services as well as professional investment management for a full range of clients.

### ***Statement on Projections***

The Economic Update views expressed are those of Farmers and Merchants Trust Company and are based upon information believed to be reliable. FMTC makes no representation or warranty to the accuracy of the information. The views are subject to change at any time in response to changing circumstances in the market and are not intended to predict or guarantee future performance of any individual security, market sector or the markets in general.

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