



**Media Contacts:**

Nick Kopinga/Robyn Williams

HKA, Inc.

714-426-0444

[nick@hkamarcom.com](mailto:nick@hkamarcom.com)

[robyn@hkamarcom.com](mailto:robyn@hkamarcom.com)

**LATE-NOVEMBER EQUITY MARKET REBOUND, BOND MARKET UNCERTAINTY END  
VOLATILE NOVEMBER, ACCORDING TO FARMERS AND MERCHANTS TRUST  
COMPANY REPORT**

**LONG BEACH, Calif. – Dec. 19, 2011** – Global equity markets surged nearly 8% in the last three days of November, while the bond market continued to struggle with low yields, according to [Farmers and Merchants Trust Company's](#) (FMTC) [November Economic Commentary](#).

“Despite the late-month rebound, November was a relatively flat month for equity markets,” said Jay Ferrara, vice president and investment officer with FMTC. “While glimmers of improvement are visible, there is far too much uncertainty throughout the global markets to stoke a full-fledged recovery in the near term.”

Bond markets are also indicating concerns, according to Ferrara. The U.S. 10-year Treasury remains anchored near 2%, within basis points of recent lows.

Key developments for the month of November include the following:

- Equity benchmarks ended the month relatively flat, unable to follow up on the historic monthly gains posted in October.
- 10-Year U.S. Treasury sits at 2.07%, signaling concerns that all is not well in the bond market.
- Globally, bond markets are exhibiting a “flight to quality” mentality, as investors take a defensive posture. U.S. yields remain near historic lows.
- While corporate earnings remain sound, estimates are starting to be trimmed as cost-cutting continues to be a core focus for corporations.
- Job creation in the U.S. continues to be outpaced by population growth. Approximately 150,000-200,000 jobs are needed to keep up with population growth.
- The failure of the debt supercommittee to reach a compromise will trigger \$1.3 trillion in automatic cuts in 2013, directly impacting defense spending and Medicare reimbursements.
- Contagion from the European debt crisis appears to be spreading north, while a far-reaching fiscal solution remains elusive.

According to Ferrara, defensive investment strategies will remain critical to weathering an extended period of economic uncertainty. “Volatility will remain at a heightened level as policy makers and central bankers search for solutions to the global debt crisis,” said Ferrara. “These factors, combined with an upcoming election year, suggest that principal preservation and additional liquidity should remain a core focus for investors.”

Farmers and Merchants Trust Company publishes its Economic Commentary on a monthly basis, providing insights and projections based on key economic indicators. The November report can be downloaded at <http://www.fmtrust.com/pdf/FMTCMonthlyBenchTableandEcon112011.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.

###