Market Watch

Week of February 16th

STOCK INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2008	5-yr.
DOW JONES 30 (7850)	-5.09%	-10.10%	-35.54%	-31.92%	-3.57%
S&P 500 (827)	-4.73%	-8.13%	-38.00%	-36.99%	-4.45%
NASDAQ 100 (1237)	-3.16%	2.17%	-31.76%	-41.57%	-3.15%
S&P 500/Citigroup Growth	-3.98%	-3.03%	-31.21%	-34.91%	-3.87%
S&P 500/Citigroup Value	-5.59%	-13.51%	-44.67%	-39.19%	-5.19%
S&P MidCap 400/Citigroup Growth	-4.11%	-3.48%	-35.95%	-37.58%	-2.05%
S&P MidCap 400/Citigroup Value	-5.22%	-8.18%	-37.02%	-34.78%	-2.28%
S&P SmallCap600/Citigroup Growth	-4.50%	-10.26%	-36.90%	-32.84%	-2.11%
S&P SmallCap600/Citigroup Value	-5.98%	-14.44%	-37.95%	-29.50%	-2.86%
MSCI EAFE	-2.97%	-10.46%	-42.45%	-43.07%	-0.98%
MSCI World (ex US)	-3.03%	-9.94%	-42.62%	-43.26%	-0.62%
MSCI World	-3.82%	-8.81%	-40.29%	-40.39%	-2.53%
MSCI Emerging Markets	-0.57%	-2.21%	-48.99%	-53.49%	5.15%

Source: Bloomberg. Returns are total returns. *The 5-yr. return is an average annual.* One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 2/13/09.

S&P SECTOR PERFORMANCE

Index	Week	YTD	12-mo.	2008	5-yr.
Consumer Discretionary	-5.77%	-11.57%	-40.35%	-33.49%	-8.60%
Consumer Staples	-3.79%	-9.15%	-19.79%	-15.44%	1.84%
Energy	-5.71%	-3.49%	-31.43%	-34.89%	11.68%
Financials	-10.16%	-29.65%	-66.24%	-55.23%	-19.31%
Health Care	-2.32%	0.85%	-18.47%	-22.80%	-1.50%
Industrials	-3.45%	-13.69%	-45.97%	-39.92%	-4.77%
Information Technology	-3.18%	3.05%	-32.51%	-43.14%	-5.59%
Materials	-4.84%	-4.95%	-47.21%	-45.64%	-1.97%
Telecom Services	-5.98%	-10.73%	-31.83%	-30.47%	0.15%
Utilities	-5.32%	-2.31%	-26.00%	-28.99%	7.37%

Source: Bloomberg. Returns are total returns. *The 5-yr. return is an average annual.* One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 2/13/09.

BOND INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2008	5-yr.
U.S. Treasury: Intermediate	0.36%	-1.47%	6.56%	11.35%	4.83%
GNMA 30 Year	0.57%	0.49%	6.68%	7.87%	5.29%
U.S. Aggregate	0.61%	-0.58%	3.25%	5.24%	4.21%
U.S. Corporate High Yield	-0.09%	6.82%	-18.94%	-26.16%	0.17%
U.S. Corporate Investment Grade	1.04%	0.96%	-4.72%	-4.94%	1.95%
Municipal Bond: Long Bond (22+)	0.72%	8.19%	-7.82%	-14.68%	1.99%
Global Aggregate	0.52%	-3.04%	-0.14%	4.79%	3.88%

Source: Barclays Capital. Returns include reinvested interest. *The 5-yr. return is an average annual.* One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 2/13/09.

KEY RATES

As of 2/13

Fed Funds	0.25%	5-YR CD	2.76%
LIBOR (1-month)	0.45%	2-YR T-Note	0.96%
CPI - Headline	0.10%	5-YR T-Note	1.87%
CPI - Core	1.80%	10-YR T-Note	2.89%
Money Market Accts.	1.64%	30-YR T-Bond	3.67%
Money Market Funds	0.47%	30-YR Mortgage	5.27%
6-mo. CD	1.75%	Prime Rate	3.25%
1-YR CD	2.19%	Bond Buyer 40	5.62%

Sources: Bankrate.com, iMoneyNet.com and Bloomberg

MARKET INDICATORS

As of 2/13

TED Spread:	94 bps
Investment Grade Spread (A2):	496 bps
ML High Yield Master II Index Spread:	1607 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

WEEKLY FUND FLOWS

	Week of 2/11	Previous
Equity Funds	**-$2.6 B**	**-$227 M**

Including ETF activity, Domestic funds reporting net outflows of -$2.915B and Non-domestic funds reporting net inflows of $347M.

Bond Funds	**$2.6 B**	**$2.4 B**

Net inflows are reported to all sectors but Balanced funds, -$122M, and Treasury & Mortgage funds, -$49M. High Yield Corporate Bond funds reported inflows, $455M, for the eighth consecutive week, for the first time since 5/21/08.

Municipal Bond Funds	**$711 M**	**$758 M**

This is the sixth consecutive week the sector has reported net cash inflows.

Money Markets	**-$2.960 B**	**-$26.535 B**

Source: AMG Data Services

FACTOIDS FOR THE WEEK OF FEBRUARY 9TH - FEBRUARY 13TH

Monday, February 9, 2009

While some of the nation's largest banks have needed one or more rounds of capital infusion from TARP more than 50 small/regional banks have refused to accept any assistance, according to *BusinessWeek*. Many banks are taking a pass because they do not want regulators dictating how they operate. Big banks have approximately $9 of capital for every $100 of assets, vs. $13 for small/regional banks, according to SNL Financial. Nine banks have failed so far in 2009, according to the FDIC. In 2008, 25 banks failed, up from three in 2007.

Tuesday, February 10, 2009

The Baltic Dry Index, which measures the cost of transporting raw materials by sea, has staged a 16-day rally that has pushed the index up by 126.46% to a current reading of 1975, according to Bespoke Investment Group. Keep in mind, however, that the index had plunged 94.3% from its high of 11793 set on May 20, 2008. The recent low was 663 on December 5, 2008. The record winning streak for the Baltic Dry was 48 consecutive up days posted in late 2004. Bespoke points out that the index seems to have a respectable correlation with China's stock market. The Shanghai Composite Index is up 14% over the past 16 trading days.

Wednesday, February 11, 2009

The global speculative-grade default rate stood at 4.8% in January, up from 4.1% in December, according to Moody's. The rate was 1.1% a year ago. Moody's is now forecasting the rate will rise to, and peak at, 16.4% by November 2009. In total, it estimates that roughly 300 issuers will default in 2009, vs. 104 in 2008 and 17 in 2007. The U.S. speculative-grade default rate stood at 5.2% in January, up from 4.5% in December. The rate was 1.4% a year ago. The default rate on senior loans stood at 4.18% in January, according to Standard & Poor's LCD. The rate was 0.26% (all-time low) at the start of 2008. S&P noted that a "quite a few managers" believe defaults could rise into the mid- to upper-teens.

Thursday, February 12, 2009

The International Energy Agency cut its 2009 global oil demand forecast by 1 million barrels a day, according to Bloomberg. It is the agency's sixth reduction of said forecast and the biggest drop (-1.1% from 2008) since 1982. The concern is that the worldwide recession and corresponding drop in the price of crude oil will crimp capital investment and reduce supply to the point of triggering another significant price spike later in the year. The price of crude oil closed yesterday's trading at $35.94 per barrel. Oil reached an all-time high of $145.29 (7/3/08) and averaged $93.88 per barrel over the past 12 months.

Friday, February 13, 2009

The Obama Administration's stimulus plan totaling $789.5 billion may allow state and local governments to reduce borrowing by as much as 8% ($30 billion) as well as reduce borrowing costs on those issues that do come to market, according to Bloomberg. A reduction in issuance could help push municipal bond prices higher, particularly those with longer maturities. State officials say they are facing a $47.4 billion deficit this fiscal year, according to the National Conference of State Legislatures. The stimulus package provides approximately $224 billion to states to cover such needs as Medicaid, education and infrastructure.