

Stock Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Dow Jones Industrial Avg. (12,422)	0.50%	1.76%	8.52%	8.41%	2.55%
S&P 500 (1,289)	0.90%	2.58%	2.37%	2.12%	0.07%
NASDAQ 100 (2,372)	0.68%	4.16%	3.90%	3.69%	5.90%
S&P 500 Growth	0.39%	1.67%	4.50%	4.70%	2.46%
S&P 500 Value	1.51%	3.68%	0.35%	-0.48%	-2.35%
S&P MidCap 400 Growth	2.03%	3.14%	0.42%	-0.95%	5.40%
S&P MidCap 400 Value	1.39%	3.19%	-1.53%	-2.40%	1.77%
S&P SmallCap 600 Growth	1.37%	1.96%	3.85%	3.67%	4.22%
S&P SmallCap 600 Value	2.03%	4.01%	1.31%	-1.34%	0.89%
MSCI EAFE	0.62%	0.21%	-12.51%	-12.14%	-4.61%
MSCI World (ex US)	1.12%	1.24%	-13.29%	-13.71%	-2.51%
MSCI Emerging	0.80%	1.60%	-5.42%	-5.54%	-2.11%
MSCI World Emerging Markets	2.80%	4.02%	-16.01%	-18.42%	3.85%

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 1/13/12.

S&P Sector Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Consumer Discretionary	0.75%	3.35%	8.74%	6.24%	2.27%
Consumer Staples	-0.26%	-1.24%	12.80%	14.03%	7.02%
Energy	-1.23%	0.33%	2.14%	4.72%	6.00%
Financials	3.11%	6.35%	-14.81%	-17.07%	-15.90%
Health Care	0.95%	2.15%	12.17%	12.77%	2.81%
Industrials	2.55%	5.09%	1.93%	-0.59%	1.19%
Information Technology	0.09%	2.69%	1.21%	2.43%	3.53%
Materials	3.99%	8.01%	-3.86%	-9.68%	3.15%
Telecom Services	1.34%	-0.22%	7.96%	6.33%	1.64%
Utilities	-0.44%	-3.08%	15.18%	20.02%	3.56%

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 1/13/12.

Bond Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
U.S. Treasury: Intermediate	0.32%	0.20%	6.47%	6.57%	6.09%
GNMA 30 Year	0.49%	0.47%	8.33%	7.97%	7.05%
U.S. Aggregate	0.55%	0.41%	8.03%	7.84%	6.59%
U.S. Corporate High Yield	0.28%	1.11%	4.78%	4.98%	7.67%
U.S. Corporate Investment Grade	0.95%	0.83%	8.72%	8.15%	7.00%
Municipal Bond: Long Bond (22+)	2.07%	2.80%	22.77%	14.88%	4.83%
Global Aggregate	0.52%	-0.35%	5.99%	5.64%	6.62%

Source: Barclays Capital. Returns are total returns. The 5-yr. return is an average annual. One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 1/13/12.

Key Rates

As of 1/13/12			
Fed Funds	0.00-0.25%	5-yr CD	1.42%
LIBOR (1-month)	0.30%	2-yr T-Note	0.22%
CPI - Headline	3.40%	5-yr T-Note	0.79%
CPI - Core	2.20%	10-yr T-Note	1.86%
Money Market Accts.	0.45%	30-yr T-Bond	2.91%
Money Market Funds	0.02%	30-yr Mortgage	3.88%
6-mo CD	0.41%	Prime Rate	3.25%
1-yr CD	0.66%	Bond Buyer 40	4.63%

Sources: Bankrate.com, iMoneyNet.com and Bloomberg.

Market Indicators

As of 1/13/12	
TED Spread	53 bps
Investment Grade Spread (A2)	263 bps
ML High Yield Master II Index Spread	701 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 1/4/12			
	Current Week	Previous	
Domestic Equity	-\$7.060 Billion	-\$3.988 Billion	
Foreign Equity	-\$2.294 Billion	-\$1.229 Billion	
Taxable Bond	\$2.134 Billion	\$1.234 Billion	
Municipal Bond	\$1.178 Billion	\$977 Million	
Change in Money Market Fund Assets for the Week Ended 1/11/12			
	Current Week	Previous	
Retail	-\$6.34 Billion	\$6.31 Billion	
Institutional	\$17.09 Billion	-\$8.20 Billion	

Source: Investment Company Institute

Factoids for the week of January 9th – 13th

Monday, January 9, 2012

The IRS just reported that individuals and businesses underpaid their taxes by an estimated 17% in 2006 (most recent available data), according to FoxNews.com. That meant the government was shortchanged approximately \$450 billion, more than the \$248 billion budget deficit for fiscal year 2006. Upon completing IRS audits and other enforcement efforts, the amount of unpaid taxes fell to \$385 billion.

Tuesday, January 10, 2012

Stock dividends mattered most in 2011 with respect to the performance of the S&P 500, according to Bespoke Investment Group. Bespoke broke the index into deciles (50 stocks in each decile) based on yield. The three highest yielding deciles were the only ones to post gains. The top decile returned 10.4%, followed by gains of 6.4% (#2) and 8.7% (#3). The S&P 500 posted a total return of 2.1% in 2011.

Wednesday, January 11, 2012

Moody's reported that the global speculative-grade default rate stood at 1.7% in December, down from 1.8% in November, according to Barrons.com. The rate was 3.1% a year ago. Moody's is forecasting a default rate of 2.9% for December 2012, which is still well below the 5.0% historical average. Moody's believes the rate is at a cyclical bottom. The U.S. speculative-grade default rate stood at 1.8% in December, down from 2.0% in November. The rate was 3.3% a year ago. Moody's is forecasting a U.S. default rate of 2.8% for December 2012. The default rate on senior loans stood at a 48-month low of 0.62% in December, no change from November, according to Standard & Poor's LCD. The historical average is 3.5%.

Thursday, January 12, 2012

RealtyTrac reported that foreclosures and repossessions declined 33% in 2011 to 2.7 million, their lowest level since 2007, according to CNNMoney.com. One in 69 homes had at least one foreclosure filing during the year. Nevada was the hardest hit (5th consecutive year) with one out of every 16 households receiving some kind of default notice. The number of homes repossessed totaled 804,000. Repossessions peaked in 2010 at 1.05 million. Banks spent more time on securing paperwork. The average number of days needed to process a foreclosure rose from 305 days a year ago to 348.

Friday, January 13, 2012

Natural gas is currently trading at \$2.69 per million British thermal units, down from \$4.41 a year ago, according to Bloomberg. The winter season has been mild to date. Demand is off, but production has continued to ramp up thanks to advancements in drilling technology. Natural gas is used to heat roughly half of all U.S. homes. The Energy Information Administration reported that Americans are on pace to spend an average of \$671 this year to heat their homes with gas, about \$50 less than last year, according to CNNMoney.com. Deutsche Bank and Merrill Lynch have set their 2012 price targets at \$3.50 and \$3.30, respectively.