

Stock Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
Dow Jones Industrial Avg. (10,610)	-0.05%	1.85%	33.31%	22.68%	2.73%
S&P 500 (1,136)	-0.77%	1.95%	37.88%	26.47%	1.25%
NASDAQ 100 (1,865)	-1.48%	0.24%	58.67%	54.63%	4.15%
S&P 500/Citigroup Growth	-0.82%	1.17%	39.08%	31.58%	2.15%
S&P 500/Citigroup Value	-0.71%	2.74%	36.54%	21.17%	0.27%
S&P MidCap 400/Citigroup Growth	-1.40%	1.92%	50.82%	41.23%	4.90%
S&P MidCap 400/Citigroup Value	-0.94%	2.68%	46.22%	33.77%	4.08%
S&P SmallCap 600/Citigroup Growth	-1.02%	1.43%	40.96%	28.34%	3.00%
S&P SmallCap 600/Citigroup Value	-0.65%	2.20%	39.15%	22.86%	2.34%
MSCI EAFE	0.57%	2.92%	44.66%	31.78%	4.66%
MSCI World (ex US)	0.13%	2.60%	53.98%	41.45%	6.93%
MSCI World	-0.21%	2.36%	41.93%	29.99%	2.98%
MSCI Emerging Markets	-0.54%	2.18%	90.41%	78.51%	16.61%

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 01/15/10.

S&P Sector Performance

Index	Week	YTD	12-mo.	2009	5-yr
Consumer Discretionary	-1.27%	0.68%	50.02%	41.33%	-1.37%
Consumer Staples	0.90%	1.12%	22.03%	14.89%	5.77%
Energy	-1.48%	3.45%	22.67%	13.86%	10.94%
Financials	-1.82%	3.95%	54.00%	17.24%	-10.35%
Health Care	1.54%	3.55%	27.40%	19.70%	3.61%
Industrials	-0.42%	4.74%	37.25%	20.93%	0.40%
Information Technology	-1.21%	-0.19%	65.36%	61.72%	4.01%
Materials	-3.22%	2.12%	54.92%	48.57%	5.28%
Telecom Services	-3.98%	-5.28%	13.61%	8.93%	1.76%
Utilities	0.67%	-0.41%	14.43%	11.91%	6.19%

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 01/15/10.

Bond Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
U.S. Treasury: Intermediate	0.54%	0.98%	-0.77%	-1.41%	4.89%
GNMA 30 Year	0.68%	1.08%	5.75%	5.37%	5.78%
U.S. Aggregate	0.70%	1.22%	6.60%	5.93%	5.19%
U.S. Corporate High Yield	0.12%	2.15%	53.84%	58.21%	7.00%
U.S. Corporate Investment Grade	0.64%	1.50%	18.14%	18.68%	4.87%
Municipal Bond: Long Bond (22+)	0.59%	1.02%	16.96%	23.43%	3.90%
Global Aggregate	1.12%	1.46%	10.20%	6.93%	5.09%

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 01/15/10.

Key Rates

As of 01/15

Fed Funds	0.00-0.25%	5-yr CD	2.93%
LIBOR (1-month)	0.23%	2-yr T-Note	0.86%
CPI - Headline	2.70%	5-yr T-Note	2.41%
CPI - Core	1.80%	10-yr T-Note	3.67%
Money Market Accts.	0.90%	30-yr T-Bond	4.57%
Money Market Funds	0.03%	30-yr Mortgage	5.15%
6-mo. CD	1.07%	Prime Rate	3.25%
1-yr CD	1.56%	Bond Buyer 40	5.35%

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

Market Indicators

As of 01/15

TED Spread	18 bps
Investment Grade Spread (A2)	183 bps
ML High Yield Master II Index Spread	612 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 01/06/10

Estimated Flows to Long-Term Mutual Funds

	Current Week	Previous
Domestic Equity	-\$742 Million	-\$1.420 Billion
Foreign Equity	\$2.786 Billion	\$225 Million
Taxable Bond	\$6.844 Billion	\$3.438 Billion
Municipal Bond	\$900 Million	\$802 Million

Change in Money Market Fund Assets

	Current Week	Previous
Retail	-\$12.58 Billion	\$2.42 Billion
Institutional	-\$9.09 Billion	\$11.82 Billion

Source: Investment Company Institute

Factoids for the week of January 11th – 15th

Monday, January 11, 2010

The global speculative-grade default rate stood at 12.5% in December, down from 12.9% (revised from 12.7%) in November, according to Moody's. Moody's is now forecasting a default rate of 3.3% by the close of 2010. The U.S. speculative-grade default rate stood at 13.2% in December, down from 13.8% (revised from 13.7%) in November. Moody's is now forecasting a default of 3.6% by the close of 2010. The default rate on senior loans stood at 8.07% in December, down from an all-time high of 8.25% in November, according to Standard & Poor's LCD. The previous all-time high was 8.23% in December 2000. The default rate is expected to decline to around 5.25% by the end of 2010.

Tuesday, January 12, 2010

The S&P 500 posted a gain in each of the first five trading days in 2010. It was up 2.74%. That is just the fourth time that has happened since 1928, according to Howard Silverblatt, senior index analyst at S&P indices. The first five trading days has been a fairly accurate barometer for forecasting the direction of stocks in a given year. It has about a 75% success rate in terms of predicting whether stocks will be up or down at yearend, according to Dan Greenhouse, chief economic strategist at Miller Tabak. Since 1950, there have been just five occasions when the indicator failed to predict the direction of the market, according to the Stock Trader's Almanac.

Wednesday, January 13, 2010

The estimated year-over-year earnings growth for the S&P 500 in Q4'09 is expected to be 62.1%, according to Bespoke Investment Group. The biggest contributors to earnings will be Financials (+120.1%) and Materials (+94.4%). The only other sectors expected to post positive results are Technology (+30.5%) and Consumer Discretionary (+7.7%). Energy (-25.4%) is expected to have the biggest drag on earnings.

Thursday, January 14, 2010

Despite the steep cuts in dividend payouts over the past couple of years, dividend-paying stocks are still worth owning, according to data provided by Jeremy Siegel, professor at the University of Pennsylvania's Wharton School. Siegel compared the returns of the top 100 dividend yielders in the S&P 500 with the bottom 100 yielders on an annual basis going back to 1957. From 1957 through December 2009, owning the 100 highest-yielding stocks (each year) would have generated an annualized return of 12.5%. That strategy would have outperformed the 100 lowest-yielding stocks and the S&P 500 by nearly 3.7 and 2.5 percentage points per year, respectively.

Friday, January 15, 2010

Worldwide PC sales grew by 15.2% to 85.8 million units (20.7 million was U.S.) in Q4'09, according to IDC. It cites pent up demand and lower prices for the pop in sales. Hewlett-Packard was the top vendor with a 21% market share followed by Acer at 13.4%. By 2013, Gartner sees more people surfing the Web via mobile phones than PCs. It estimates that the total number of PCs at that point will approach 1.78 billion, vs. 1.82 billion or more smartphone and Web-enabled phones.