

Stock Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
Dow Jones Industrial Avg. (11,063)	0.51%	8.34%	12.95%	22.68%	4.20%
S&P 500 (1,176)	0.96%	7.15%	9.45%	26.47%	1.96%
NASDAQ 100 (2,098)	3.49%	13.37%	20.46%	54.63%	6.92%
S&P 500 Growth	2.26%	8.01%	11.96%	31.58%	3.25%
S&P 500 Value	-0.35%	6.29%	6.88%	21.17%	0.57%
S&P MidCap 400 Growth	1.19%	16.34%	18.01%	41.23%	6.22%
S&P MidCap 400 Value	0.93%	11.92%	15.02%	33.77%	4.40%
S&P SmallCap 600 Growth	2.20%	14.64%	16.53%	28.34%	4.15%
S&P SmallCap 600 Value	1.25%	12.21%	13.37%	22.86%	3.04%
MSCI EAFE	1.31%	5.65%	4.60%	31.78%	3.46%
MSCI World (ex US)	1.42%	8.25%	7.88%	41.45%	5.91%
MSCI World	1.15%	6.48%	7.00%	29.99%	2.73%
MSCI Emerging Markets	1.89%	15.55%	17.43%	78.51%	15.22%

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 10/15/10.

S&P Sector Performance

Index	Week	YTD	12-mo.	2009	5-yr
Consumer Discretionary	1.02%	17.68%	24.06%	41.33%	3.57%
Consumer Staples	1.42%	10.25%	12.26%	14.89%	7.58%
Energy	1.34%	4.65%	1.23%	13.86%	5.73%
Financials	-2.37%	0.42%	-7.14%	17.24%	-10.86%
Health Care	1.25%	1.46%	8.36%	19.70%	2.22%
Industrials	-0.13%	16.62%	19.12%	20.93%	2.70%
Information Technology	3.91%	5.33%	12.98%	61.72%	5.17%
Materials	1.28%	8.68%	10.91%	48.57%	8.24%
Telecom Services	0.07%	11.54%	22.49%	8.93%	6.38%
Utilities	0.21%	6.02%	12.48%	11.91%	4.60%

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 10/15/10.

Bond Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
U.S. Treasury: Intermediate	-0.41%	7.39%	7.01%	-1.41%	6.03%
GNMA 30 Year	-0.11%	7.25%	7.39%	5.37%	6.70%
U.S. Aggregate	-0.55%	8.04%	8.44%	5.93%	6.34%
U.S. Corporate High Yield	0.39%	13.39%	19.26%	58.21%	9.00%
U.S. Corporate Investment Grade	-1.28%	10.27%	12.38%	18.68%	6.58%
Municipal Bond: Long Bond (22+)	-0.13%	9.27%	9.16%	23.43%	4.64%
Global Aggregate	0.01%	8.62%	7.05%	6.93%	7.17%

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 10/15/10.

Key Rates

	As of 10/15		
Fed Funds	0.00-0.25%	5-yr CD	2.30%
LIBOR (1-month)	0.26%	2-yr T-Note	0.35%
CPI - Headline	1.10%	5-yr T-Note	1.18%
CPI - Core	0.80%	10-yr T-Note	2.56%
Money Market Accts.	0.69%	30-yr T-Bond	3.98%
Money Market Funds	0.04%	30-yr Mortgage	4.39%
6-mo CD	0.77%	Prime Rate	3.25%
1-yr CD	1.08%	Bond Buyer 40	4.89%

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

Market Indicators

As of 10/15	
TED Spread	14 bps
Investment Grade Spread (A2)	194 bps
ML High Yield Master II Index Spread	598 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

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

Estimated Flows to Long-Term Mutual Funds				
	Current Week		Previous	
Domestic Equity	-\$5.569	Billion	-\$4.150	Billion
Foreign Equity	\$1.261	Billion	\$1.127	Billion
Taxable Bond	\$7.188	Billion	\$4.806	Billion
Municipal Bond	\$605	Million	\$615	Million

Change in Money Market Fund Assets				
	Current Week		Previous	
Retail	-\$2.67	Billion	-\$0.19	Billion
Institutional	-\$3.14	Billion	-\$0.31	Billion

Source: Investment Company Institute

Factoids for the week of October 11th – 15th

Monday, October 11, 2010

Moody's reported that the *global speculative-grade* default rate stood at 4.0% in September, down from 5.0% in August, according to Bloomberg. Moody's is now forecasting a default rate of 2.7% by December 2010 and 2.0% by September 2011. The *U.S. speculative-grade* default rate also stood at 4.0%, down from 5.1% in August. Moody's is now forecasting a default rate of 2.8% by December 2010 and 2.2% by September 2011. The default rate on *senior loans* stood at 4.53% in September, down from 4.66% in August, according to Standard & Poor's LCD. Loan managers expect the default rate to fall below 4.0% by December.

Tuesday, October 12, 2010

A report out from Ernst & Young LLP ("The Limited Partner Venture Capital Sentiment Survey") states that the number of U.S. venture capital firms making at least one investment a quarter totaled 167 in the first half of 2010, according to *Bloomberg BusinessWeek*. A total of 313 venture firms made at least one investment a quarter in 2009. The drought in the IPO market, particularly in the tech sector, has crimped activity. There were 40 venture-backed IPOs in the first nine months of 2010, down from 86 in 2007 and 264 in 2000, according to the National Venture Capital Association.

Wednesday, October 13, 2010

The Organization of the Petroleum Exporting Countries (OPEC), supplier of 35% of the world's oil, just increased its estimates for oil demand for 2010 and 2011 by 80,000 barrels per day, according to *USA TODAY*. OPEC sees demand running at 85.59 million barrels per day in 2010 and 86.64 million in 2011. Qatari Oil Minister Abdullah bin Hamad al-Attiyah, considers a \$70 to \$80 range "comfortable" for producers and consumers. The price of a barrel of oil closed yesterday at \$81.67. It was \$25.60 at the close of 1999 (OPEC targeted \$25.00 as a "comfortable" price). That is an increase of 219%. Inflation (CPI) was up 29% over the same period. The price of a gallon of gas is \$2.82 today, up from \$1.26 at the close of 1999, or an increase of 124%, according to the Energy Information Administration.

Thursday, October 14, 2010

U.S. variable annuity sales to individual investors rose 11.0% (y-o-y) to \$35.5 billion (\$27.0B separate accounts & \$8.5B fixed accounts) in Q2'10, according to LIMRA. Sales totaled \$67.9 (\$51.5B separate accounts & \$16.4B fixed accounts) in the first half of 2010. Most companies in the top 20 posted sales growth in Q2 – a big improvement over last year when most of the sales went to the top five carriers, according to Joe Montminy, assistant vice president for annuity research at LIMRA. Insurers sold \$127 billion worth of variable annuities in 2009.

Friday, October 15, 2010

Households will experience higher heating costs this winter thanks to rising fuel prices and a forecast for colder temperatures in some sections of the U.S., according to the Energy Department. The National Oceanic and Atmospheric Administration expects temperatures to be about 5% colder than last year in the Northeast from October through March. The average cost to heat a home using heating oil will likely rise 12% to \$2,124, while those using natural gas will rise 5.7% to \$778. Propane users will see their bills jump by 7.5% to an average of \$1,966.