











## The Economy

Total cost of the recent G8/G20 summits in Canada is expected to approach \$1.4 billion, according to the *Canada Free Press*. President Obama encouraged the members of the G20 to continue pumping stimulus into their respective economies, while the rest of the group opted for their own strategies. The group did pledge to cut government deficits in half by 2013. Developing nations raised \$29.3 billion in Q2'10 (thru 6/25) via IPOs, nearly 3x more than the amount raised in industrialized markets, according to *Bloomberg BusinessWeek*. The role/influence of the emerging markets is ascending rapidly.

<b>Consumer Confidence</b> <b>52.9</b> (Jun) 63.3 (May) 	<b>Crude Oil (Mo.-End)</b> <b>\$75.63</b> (Jun) \$73.97 (May) 	<b>Personal Spending</b> <b>0.2%</b> (May) Apr. was 0.0% 	<b>ISM Manufacturing</b> <b>56.2</b> (Jun) 59.7 (May) 	<b>ISM Non-Manufacturing</b> <b>53.8</b> (Jun) 55.4 (May) 
<b>Gold (Mo.-End)</b> <b>\$1245.90</b> (Jun) \$1212.20 (May) 	<b>Natural Gas (Mo.-End)</b> <b>\$4.62</b> (Jun) \$4.34 (May) 	<b>Factory Orders</b> <b>-1.4%</b> (May) Apr. up 1.2% 	<b>New Home Sales</b> <b>300,000</b> (May) 504,000 (Apr) 	<b>Existing Home Sales</b> <b>5.66M</b> (May) 5.77M (Apr) 

## The Stock Market

### Indices (Source: Bloomberg)

	June	12-mo.
S&P 500	-5.2%	14.4%
DJIA	-3.4%	18.9%
NASDAQ 100	-6.1%	18.5%
S&P 400	-6.6%	24.9%
Russell 2000	-7.7%	21.5%
MSCI World (ex U.S.) (USD)	-1.4%	7.7%
MSCI Emerging Markets (USD)	-0.7%	23.3%

### Growth/Value (Source: Bloomberg)

	June	12-mo.
S&P 500 Citigroup Growth	-4.7%	12.6%
S&P 500 Citigroup Value	-5.7%	16.4%
S&P Midcap 400/Citigroup Growth	-6.3%	24.5%
S&P Midcap 400/Citigroup Value	-6.8%	25.6%
Russell 2000 Growth	-6.7%	18.0%
Russell 2000 Value	-8.7%	25.1%

Only eight out of the 134 subsectors (6.0%) that comprise the S&P 500 posted a gain in June, up from four last month. Telecom Services was the top performing major sector, down 0.4%, according to S&P. In June, the dividend-payers (368) in the S&P 500 (equal weight) posted a total return of -5.91%, vs. -7.30% for the non-payers (132), according to Standard & Poor's. Year-to-date, the payers were down 2.90%, vs. a loss of 4.41% for the non-payers. For the 12-month period ended June, payers were up 25.58%, vs. a gain of 26.98% for the non-payers. The number of dividend increases year-to-date totaled 130, up from 85 increases a year ago. One company decreased its dividend, down from 55 a year ago. One company suspended its dividend, down from 10 a year ago. Thomson Reuters reported that the S&P 500 was trading at 12.7 times its 12-month forward-looking earnings estimate at the close of the 6/25 trading session, according to *USA TODAY*. That is well below the 14.2 average posted over the past five years. Since 1960, stocks have averaged a 12-month return of 12.0% when the forward-looking P-E is between 10 and 15, according to Brian Belski, chief investment strategist at Oppenheimer. Analysts are expecting S&P 500 earnings to grow by 17.5% to \$96.42 in 2011, topping the previous high of \$88.18 in 2006.

<b>U.S. Dollar</b> (U.S. Trade-Weighted Basket) <b>-0.4%</b> (June) +5.4% (2010) \$ was down 5.9% in '09 	<b>CBOE Total Equity Options</b> (# of contracts in millions) Jun: <b>42.3</b> (-26.8%) May: 57.8 (-7.2%) Record 7/08: 67.2 million 	<b>Short Interest (NYSE)</b> Jun 14: <b>14.48B</b> (4.2%) May 14: 13.89B (0.0%) Record 7/08: 18.61 billion shares 	<b>VIX Volatility Index</b> (S&P 500) <b>34.54</b> (6/30) 32.07 (5/28) Record 11/20/08: 80.86 
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## The Bond Market

### Index (Source: Barclays)

	June	12-Mo.	Yield
U.S. Treasury: Intermediate	1.43%	5.84%	1.47%
GNMA 30 Year	1.26%	8.32%	3.17%
Municipal Bond (22+)	-0.19%	14.99%	5.00%
U.S. Aggregate	1.57%	9.50%	2.83%
Intermediate Corporate	1.50%	14.22%	3.68%
U.S. Corporate High Yield	1.24%	26.77%	9.16%
Global Aggregate	1.53%	5.00%	2.54%
Global Emerging Markets	2.18%	17.80%	6.12%

Bond investors returned to speculative-grade debt following some aggressive profit taking in May. Equities sold-off aggressively for the second month in a row. Moody's upgraded 200 corporate issuers in Q2'10, while only lowering the ratings on 129, according to Bloomberg. Company profits rose at the fastest pace in Q1'10 (+31%) since 1984. It was the first time since Q2'07 (prior to subprime meltdown) where upgrades topped downgrades. Those investors fearing that the recovery is actually losing steam opted for the security of Treasuries. The yield on the 10-year T-Bond fell below 3.00% (2.93%) for the first time since April 2009. The yield on the 2-year T-Note fell to a record-low 0.60%. With respect to tax-frees, states are expected to face a deficit of \$140 billion in fiscal 2011, according to the Center on Budget and Policy Priorities.

Key Rates as of June 30		Key Yield Spread		2010 Debt Issuance through May		
		The spread between the Merrill Lynch High Yield Master II Index and the 10-Yr. T-Bond was 626 basis points on 6/30/10, up from 589 on 5/28/10. It was 954 on 6/30/09. (Source: Bloomberg)		(Source: Thomson Reuters)		
		Debt Category	\$ Amount	% change over '09		
Fed Funds	0-0.25%	Treasury	\$927.7 Billion	+45.6%		
2-Yr. T-Note	0.61%	Corporate	\$380.7 Billion	-2.3%		
10-Yr. T-Bond	2.93%	Convertible	\$13.6 Billion	+9.0%		
30-Yr. Mortgage	4.68%	Asset-Backed	\$58.9 Billion	+9.5%		
Bond Buyer 40	5.16%	Municipal	\$168.9 Billion	+10.7%		
(Source: Bloomberg)						

Equity funds reported net cash outflows totaling \$24.7 billion in 5/10, vs. \$13.2 billion of inflows in 4/10, according to the Investment Company Institute. Bond fund inflows totaled \$14.6 billion, vs. \$28.1 billion of inflows in 4/10. Money Market fund outflows totaled \$21.6 billion, vs. \$126.5 billion of outflows in 4/10. Y-T-D through May, equity funds reported net inflows totaling \$14.4 billion, vs. \$135.0 billion of inflows for bond funds and \$484.6 billion of outflows for MMFs.

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	1565.15	10/09/07	676.53	03/09/09	1030.71	-34.15%	-6.65%	2.13%
S&P 500/Citigroup Growth	939.41	07/17/00	363.99	03/09/09	531.54	-43.42%	-7.98%	1.74%
S&P 500/Citigroup Value	836.19	07/13/07	307.16	03/09/09	491.52	-41.22%	-5.30%	2.54%
S&P 400	926.23	07/13/07	372.88	10/09/02	711.73	-23.16%	-1.36%	1.54%
S&P 400/Citigroup Growth	383.70	06/05/08	162.27	10/09/02	310.72	-19.02%	-0.69%	0.91%
S&P 400/Citigroup Value	361.18	06/04/07	135.55	10/09/02	256.21	-29.06%	-2.00%	2.16%
S&P 100	829.83	09/01/00	322.13	03/09/09	467.65	-43.65%	-8.05%	2.34%
DJIA	14164.53	10/09/07	6547.05	03/09/09	9774.02	-31.00%	-5.00%	2.85%
NASDAQ 100	4099.30	09/01/00	804.64	10/07/02	1739.14	-57.57%	-6.17%	0.82%
Russell 2000	855.77	07/13/07	327.04	10/09/02	609.49	-28.78%	-1.94%	1.41%
Russell 2000 Growth	455.25	10/10/07	169.69	10/09/02	334.27	-26.57%	-2.30%	0.71%
Russell 2000 Value	1276.63	06/04/07	469.32	03/09/09	844.17	-33.88%	-1.63%	2.14%
Russell 3000	907.58	10/09/07	389.61	03/09/09	607.92	-33.02%	-6.05%	2.00%
MSCI World x U.S. (USD)	5379.90	10/31/07	1636.59	03/12/03	3349.86	-37.73%	-12.47%	N/A
MSCI Emerging Markets (USD)	473.35	10/29/07	75.12	09/21/01	344.96	-27.12%	-6.17%	N/A
Bovespa/Brazil (USD)	44638.24	05/19/08	2160.80	10/16/02	33840.12	-24.19%	-14.13%	3.71%
RTS/Russia (USD)	2487.92	05/19/08	131.02	01/03/01	1339.35	-46.17%	-5.27%	1.87%
Bombay SE 500/India (USD)	226.04	01/07/08	16.50	09/21/01	152.68	-32.45%	4.46%	1.26%
Shanghai Composite/China (USD)	810.24	10/16/07	122.21	07/11/05	353.65	-56.35%	-25.50%	1.66%
KOSPI/South Korea (USD)	2.29	10/31/07	0.36	04/04/01	1.39	-39.36%	-3.79%	1.32%
Hang Seng (USD)	4082.25	10/30/07	1078.13	04/25/03	2584.45	-36.69%	-6.46%	3.04%
MSCI Euro (USD)	1988.53	10/31/07	598.84	03/12/03	953.68	-52.04%	-21.91%	4.19%
S&P Consumer Discretionary	318.54	06/04/07	125.72	03/09/09	229.71	-27.89%	-1.56%	1.56%
S&P Consumer Staples	306.61	12/10/07	182.72	03/10/03	262.64	-14.34%	-2.79%	3.17%
S&P Energy	668.81	05/20/08	163.83	07/23/02	373.36	-44.18%	-12.20%	2.50%
S&P Utilities	223.91	12/10/07	77.27	10/09/02	143.44	-35.94%	-7.14%	4.66%
S&P Financials	509.55	02/20/07	81.74	03/06/09	185.64	-63.57%	-3.67%	1.20%
S&P Banks	414.38	02/20/07	49.02	03/05/09	128.02	-69.11%	2.59%	1.02%
FTSE NAREIT Equity REITs	676.54	02/07/07	163.57	03/06/09	358.71	-46.98%	5.56%	3.87%
S&P Health Care	444.98	12/28/00	252.84	03/05/09	326.88	-26.54%	-8.79%	2.33%
S&P Pharmaceuticals	496.83	12/28/00	214.50	03/03/09	273.15	-45.02%	-9.17%	4.05%
NYSE Arca Biotechnology	1253.57	03/23/10	280.09	07/10/02	1023.08	-18.39%	8.59%	1.60%
S&P Information Technology	887.77	07/17/00	172.88	10/09/02	329.93	-62.84%	-10.57%	1.01%
Philadelphia Semiconductor	1266.39	07/17/00	171.32	11/20/08	332.30	-73.76%	-7.18%	1.23%
S&P Telecom Services	283.63	07/14/00	79.00	09/30/02	102.04	-64.02%	-8.38%	6.16%
S&P Industrials	381.16	10/09/07	132.83	03/09/09	238.29	-37.48%	-0.86%	2.37%
S&P Materials	285.91	05/16/08	102.55	10/09/02	172.46	-39.68%	-12.88%	1.98%
Philadelphia Gold & Silver	206.37	03/14/08	41.85	11/17/00	177.63	-13.93%	5.95%	0.62%
Reuters/Jefferies CRB	473.52	07/02/08	183.52	10/22/01	258.52	-45.40%	-8.77%	N/A
Merrill Lynch Perpetual Preferred	197.85	05/08/07	51.79	03/09/09	139.94	-29.27%	3.84%	7.71%
Merrill Lynch High Yield Master II	243.13	04/27/10	106.67	10/10/02	237.62	-2.27%	4.71%	9.19%