

Stock Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
Dow Jones Industrial Avg. (10,151)	-0.58%	-0.85%	8.87%	22.68%	2.20%
S&P 500 (1,065)	-0.62%	-3.26%	5.36%	26.47%	-0.37%
NASDAQ 100 (1,792)	-1.84%	-3.20%	9.93%	54.63%	3.40%
S&P 500 Growth	-0.93%	-4.48%	6.18%	31.58%	0.58%
S&P 500 Value	-0.31%	-2.01%	4.40%	21.17%	-1.40%
S&P MidCap 400 Growth	-0.38%	3.24%	14.53%	41.23%	3.36%
S&P MidCap 400 Value	-0.18%	0.78%	10.86%	33.77%	1.62%
S&P SmallCap 600 Growth	1.06%	0.77%	10.97%	28.34%	1.28%
S&P SmallCap 600 Value	0.96%	-0.78%	5.76%	22.86%	0.18%
MSCI EAFE	-0.18%	-7.84%	-1.15%	31.78%	1.02%
MSCI World (ex US)	-0.51%	-5.60%	3.62%	41.45%	3.42%
MSCI World	-0.38%	-5.44%	2.33%	29.99%	0.35%
MSCI Emerging Markets	-1.79%	-0.33%	17.38%	78.51%	12.43%

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 08/27/10.

S&P Sector Performance

Index	Week	YTD	12-mo.	2009	5-yr
Consumer Discretionary	-0.68%	3.68%	17.14%	41.33%	-0.24%
Consumer Staples	-0.05%	2.22%	11.14%	14.89%	5.93%
Energy	0.17%	-7.59%	-0.05%	13.86%	3.33%
Financials	-0.59%	-4.01%	-5.50%	17.24%	-11.64%
Health Care	-0.48%	-7.54%	0.75%	19.70%	0.27%
Industrials	-1.42%	3.71%	14.83%	20.93%	0.48%
Information Technology	-2.03%	-9.27%	4.34%	61.72%	1.55%
Materials	-0.19%	-3.71%	7.63%	48.57%	5.10%
Telecom Services	1.23%	2.58%	12.18%	8.93%	3.48%
Utilities	2.17%	2.37%	10.18%	11.91%	3.20%

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 08/27/10.

Bond Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
U.S. Treasury: Intermediate	-0.13%	6.27%	6.56%	-1.41%	5.73%
GNMA 30 Year	0.13%	6.47%	8.06%	5.37%	6.48%
U.S. Aggregate	-0.11%	7.21%	8.96%	5.93%	5.99%
U.S. Corporate High Yield	-0.08%	8.22%	21.72%	58.21%	7.47%
U.S. Corporate Investment Grade	-0.54%	9.23%	13.31%	18.68%	6.01%
Municipal Bond: Long Bond (22+)	0.65%	8.65%	14.07%	23.43%	4.30%
Global Aggregate	0.19%	3.94%	5.94%	6.93%	5.76%

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 08/27/10.

Key Rates

As of 08/27			
Fed Funds	0.00-0.25%	5-yr CD	2.58%
LIBOR (1-month)	0.26%	2-yr T-Note	0.55%
CPI - Headline	1.20%	5-yr T-Note	1.49%
CPI - Core	0.90%	10-yr T-Note	2.63%
Money Market Accts.	0.73%	30-yr T-Bond	3.68%
Money Market Funds	0.04%	30-yr Mortgage	4.36%
6-mo CD	0.90%	Prime Rate	3.25%
1-yr CD	1.32%	Bond Buyer 40	4.87%

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

Market Indicators

As of 08/27	
TED Spread	15 bps
Investment Grade Spread (A2)	200 bps
ML High Yield Master II Index Spread	683 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 08/18/10

Estimated Flows to Long-Term Mutual Funds			
	Current Week	Previous	
Domestic Equity	-\$2.706 Billion	-\$2.073	Billion
Foreign Equity	-\$110 Million	\$646	Million
Taxable Bond	\$6.546 Billion	\$5.788	Billion
Municipal Bond	\$1.378 Billion	\$1.382	Billion

Change in Money Market Fund Assets			
	Current Week	Previous	
Retail	-\$3.40 Billion	-\$0.10	Billion
Institutional	\$7.10 Billion	\$4.21	Billion

Source: Investment Company Institute

Factoids for the week of August 23rd – 27th

Monday, August 23, 2010

Investors funneled \$480.2 billion into bond mutual funds from June 2008 through June 2010 (\$240.1 billion average over two-year span), according to data from Bloomberg and the Investment Company Institute (ICI). That is in the vicinity of the \$496.9 billion equity funds took in from the start of 1999 through 2000. In the eight years prior to 2008, the net new cash flow to bond funds averaged \$50 billion, according to data from the ICI.

Tuesday, August 24, 2010

The earnings growth (y-o-y) for the S&P 500 in Q2'10 was 49%, well above the 34% estimate posted in early July, according to Bespoke Investment Group. Financials experienced the biggest jump in earnings at 119.2%. Analysts were looking for 80.8%. Technology had the most accurate estimate versus actual earnings – 53.6% earnings growth vs. an estimate of 52.8%. The sectors with the lowest earnings growth were Telecommunications Services (3.0%), Consumer Staples (7.3%) and Utilities (8.3%).

Wednesday, August 25, 2010

The average combined debt for bank-issued credit cards, such as those sporting the Visa or MasterCard logo, stood at \$4,951 in Q2'10, down 13.4% from \$5,719 in Q2'09, according to TransUnion. The credit reporting agency said it was the first quarter since Q1'02 where the average debt level was below \$5,000. The percentage of cardholders with payments past due by 90 days or more stood at 0.92% in Q2'10, down from 1.17% a year ago. The number of new credit card accounts fell by nearly 6.5% (y-o-y).

Thursday, August 26, 2010

The American Association of Individual Investors (AAII) has an index that tracks investor sentiment in the U.S. and the percentage of those polled that currently consider themselves bullish on stocks is 20.7%, according to Bloomberg. The percentage of bulls has only been 21% or lower 48 times, according to Sentimentrader.com. The stock market finished higher three months after registering a reading of 21% or below in 47 out of the 48 occurrences. In the last bull market (10/9/02-10/9/07), the level of bullishness averaged around 44%. Over the past year it has averaged around 37%.

Friday, August 27, 2010

Spending on health care has slowed a bit recently and it could be a reflection of the state of the economy, particularly the high rate of unemployment. For example, health care spending was an annualized \$1.68 trillion in June, up 3.2% from June 2009, but slower than the 5.0% increase over the previous 12 months, according to the U.S. Bureau of Economic Analysis. Elie Radinsky, a health-care analyst and managing director at Chapdelaine Credit Partners, reported that patient visits to doctor's offices were down 7.5% to 10.0% (y-o-y) in Q2'10, according to Bloomberg BusinessWeek. The slight pullback in spending appears to be impacting some health care companies more than others. Using the Russell 2000 Index, companies in the pharmaceutical, biotech and life sciences industries reported sales growth of 19% (y-o-y) in Q2'10, compared to sales growth of 5.4% for companies in the health care equipment and services industries.