

Stock Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
Dow Jones Industrial Avg. (10,463)	0.17%	2.29%	11.64%	22.68%	2.28%
S&P 500 (1,110)	0.49%	0.90%	8.42%	26.47%	-0.14%
NASDAQ 100 (1,892)	1.19%	2.26%	13.00%	54.63%	3.90%
S&P 500 Growth	0.61%	-0.37%	8.68%	31.58%	0.84%
S&P 500 Value	0.37%	2.21%	0.00%	21.17%	-1.20%
S&P MidCap 400 Growth	-0.28%	7.67%	16.03%	41.23%	3.56%
S&P MidCap 400 Value	-0.39%	4.69%	12.61%	33.77%	1.75%
S&P SmallCap 600 Growth	-1.42%	3.18%	11.49%	28.34%	0.80%
S&P SmallCap 600 Value	-1.07%	2.48%	8.30%	22.86%	-0.01%
MSCI EAFE	0.97%	-3.18%	-0.14%	31.78%	1.26%
MSCI World (ex US)	0.95%	-0.97%	4.31%	41.45%	3.58%
MSCI World	0.70%	-1.05%	4.23%	29.99%	0.57%
MSCI Emerging Markets	1.01%	4.21%	16.68%	78.51%	12.35%

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 09/10/10.

S&P Sector Performance

Index	Week	YTD	12-mo.	2009	5-yr
Consumer Discretionary	0.05%	9.10%	20.63%	41.33%	0.55%
Consumer Staples	0.93%	5.56%	12.94%	14.89%	6.22%
Energy	0.46%	-3.71%	2.25%	13.86%	2.30%
Financials	-0.02%	1.44%	0.38%	17.24%	-11.07%
Health Care	2.03%	-3.58%	5.09%	19.70%	0.23%
Industrials	0.97%	9.66%	17.67%	20.93%	1.23%
Information Technology	-0.25%	-6.33%	5.10%	61.72%	1.72%
Materials	0.22%	0.60%	9.35%	48.57%	5.44%
Telecom Services	1.67%	6.47%	15.35%	8.93%	4.02%
Utilities	-0.58%	3.45%	13.31%	11.91%	2.59%

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 09/10/10.

Bond Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
U.S. Treasury: Intermediate	-0.31%	5.89%	5.39%	-1.41%	5.52%
GNMA 30 Year	-0.33%	6.22%	6.99%	5.37%	6.36%
U.S. Aggregate	-0.27%	6.86%	7.61%	5.93%	5.83%
U.S. Corporate High Yield	0.74%	9.64%	21.49%	58.21%	7.78%
U.S. Corporate Investment Grade	-0.15%	8.81%	11.28%	18.68%	5.87%
Municipal Bond: Long Bond (22+)	-0.01%	8.47%	9.95%	23.43%	4.21%
Global Aggregate	-0.51%	3.60%	3.77%	6.93%	5.49%

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 09/10/10.

Key Rates

As of 09/10			
Fed Funds	0.00-0.25%	5-yr CD	2.49%
LIBOR (1-month)	0.26%	2-yr T-Note	0.57%
CPI - Headline	1.20%	5-yr T-Note	1.57%
CPI - Core	0.90%	10-yr T-Note	2.79%
Money Market Accts.	0.70%	30-yr T-Bond	3.86%
Money Market Funds	0.04%	30-yr Mortgage	4.56%
6-mo CD	0.81%	Prime Rate	3.25%
1-yr CD	1.24%	Bond Buyer 40	4.90%

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

Market Indicators

As of 09/10	
TED Spread	15 bps
Investment Grade Spread (A2)	194 bps
ML High Yield Master II Index Spread	639 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 09/01/10

Estimated Flows to Long-Term Mutual Funds			
	Current Week	Previous	
Domestic Equity	-\$7.596 Billion	-\$4.313	Billion
Foreign Equity	-\$1.944 Billion	-\$292	Million
Taxable Bond	\$5.656 Billion	\$4.836	Billion
Municipal Bond	\$1.002 Billion	\$1.120	Billion

  

Change in Money Market Fund Assets			
	Current Week	Previous	
Retail	\$3.07 Billion	-\$0.47	Billion
Institutional	\$7.48 Billion	-\$5.75	Billion

Source: Investment Company Institute

Factoids for the week of September 6th –10th

Monday, September 6, 2010

Labor Day Holiday, Markets Closed

Tuesday, September 7, 2010

The *Distressed Debt Securities* newsletter reported that 46 issuers have defaulted on nearly \$1.7 billion of municipal bonds this year, according to *Bloomberg BusinessWeek*. The newsletter puts an average year for defaults at about \$1 billion. The amount of municipal bonds outstanding totaled \$2.83 trillion in Q1'10. The biggest contributor to the bump in defaults is the decline in tax collections. The amount raised by states in April, May, and June was 17.2% less than the same period two years ago.

Wednesday, September 8, 2010

Moody's reported that the *global speculative-grade* default rate stood at 5.0% in August, down from 5.5% in July, according to iMarketNews.com. A year ago, the rate was 12.3%. Moody's is now forecasting a default rate of 2.7% by December 2010. The *U.S. speculative-grade* default rate stood at 5.1%, down from 5.4% in July. A year ago, the rate was 13.2%. Moody's is now forecasting a default rate of 2.9% by December 2010. The default rate on *senior loans* stood at 4.66% in August, down from 4.91% in July, according to Standard & Poor's LCD.

Thursday, September 9, 2010

Technology stocks are currently trading at their lowest levels relative to the S&P 500 in almost 20 years, according to research from Sanford C. Bernstein. Tech stocks are trading at 1.0x the S&P 500 – the lowest multiple since March 1991 and well below the historical average of 1.31x since 1977. The depressed valuations exist across hardware, software and tech services. This deterioration has occurred (largely over the past 2.5 years) despite tech companies having historically high cash balances and ROICs (return on invested capital) relative to the S&P 500.

Friday, September 10, 2010

Railroad freight volume is at its highest level since November 2008, according to Anthony Mirhaydari at MSN.com. Railroad loadings are up 12.2% compared to a year ago. The following shows how some of the latest data breaks down: autos (+19%); standard shipping containers (+18%); industrial products (+13%); agricultural products (+8%); and coal (+2%). Rail volume provides a valuable snapshot of the economy because it reflects the activity of producers, retailers and consumers.