

Stock Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Dow Jones Industrial Avg. (12,660)	-0.47%	3.78%	8.46%	8.41%	3.06%
S&P 500 (1,316)	0.09%	4.79%	3.45%	2.12%	0.62%
NASDAQ 100 (2,462)	1.02%	8.10%	6.67%	3.69%	7.54%
S&P 500 Growth	0.60%	4.25%	6.27%	4.70%	3.21%
S&P 500 Value	-0.51%	5.43%	0.69%	-0.48%	-2.01%
S&P MidCap 400 Growth	1.29%	7.16%	3.69%	-0.95%	6.32%
S&P MidCap 400 Value	1.24%	7.32%	0.78%	-2.40%	2.52%
S&P SmallCap 600 Growth	1.42%	5.85%	7.75%	3.67%	5.07%
S&P SmallCap 600 Value	1.42%	8.68%	4.95%	-1.34%	1.85%
MSCI EAFE	1.63%	5.96%	-10.07%	-12.14%	-3.62%
MSCI World (ex US)	1.78%	7.16%	-9.52%	-13.71%	-1.54%
MSCI World	0.87%	5.45%	-3.55%	-5.54%	-1.38%
MSCI Emerging Markets	2.18%	11.01%	-8.76%	-18.42%	4.78%

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 1/27/12.

S&P Sector Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Consumer Discretionary	0.52%	6.17%	10.06%	6.24%	3.05%
Consumer Staples	-0.78%	-1.03%	13.10%	14.03%	7.10%
Energy	-0.31%	2.80%	2.35%	4.72%	6.03%
Financials	-0.17%	8.76%	-13.01%	-17.07%	-15.44%
Health Care	-0.15%	3.25%	13.91%	12.77%	3.06%
Industrials	0.66%	7.80%	1.82%	-0.59%	2.06%
Information Technology	0.98%	7.07%	3.50%	2.43%	5.18%
Materials	1.50%	11.14%	0.56%	-9.68%	3.25%
Telecom Services	-4.31%	-3.51%	3.38%	6.33%	0.36%
Utilities	0.07%	-3.59%	12.94%	20.02%	3.18%

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 1/27/12.

Bond Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
U.S. Treasury: Intermediate	0.51%	0.30%	6.66%	6.57%	6.15%
GNMA 30 Year	0.19%	0.25%	8.27%	7.97%	7.09%
U.S. Aggregate	0.61%	0.51%	8.29%	7.84%	6.68%
U.S. Corporate High Yield	1.23%	3.04%	5.92%	4.98%	7.94%
U.S. Corporate Investment Grade	1.24%	1.57%	9.63%	8.15%	7.21%
Municipal Bond: Long Bond (22+)	0.75%	3.11%	20.59%	14.88%	4.94%
Global Aggregate	1.26%	1.29%	7.12%	5.64%	7.04%

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 1/27/12.

Key Rates

As of 1/27/12

Fed Funds	0.00-0.25%	5-yr CD	1.38%
LIBOR (1-month)	0.28%	2-yr T-Note	0.21%
CPI - Headline	3.00%	5-yr T-Note	0.74%
CPI - Core	2.20%	10-yr T-Note	1.89%
Money Market Accts.	0.44%	30-yr T-Bond	3.05%
Money Market Funds	0.02%	30-yr Mortgage	3.89%
6-mo CD	0.42%	Prime Rate	3.25%
1-yr CD	0.65%	Bond Buyer 40	4.61%

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

Market Indicators

As of 1/27/12

TED Spread	49 bps
Investment Grade Spread (A2)	248 bps
ML High Yield Master II Index Spread	660 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 1/18/12

	Current Week	Previous
Domestic Equity	-\$804 Million	\$753 Million
Foreign Equity	\$320 Million	\$681 Million
Taxable Bond	\$3.813 Billion	\$6.124 Billion
Municipal Bond	\$1.743 Billion	\$1.744 Billion

Change in Money Market Fund Assets for the Week Ended 1/25/12

	Current Week	Previous
Retail	-\$5.73 Billion	-\$3.72 Billion
Institutional	-\$8.95 Billion	-\$8.87 Billion

Source: Investment Company Institute

Factoids for the week of January 23rd – 27th

Monday, January 23, 2012

Dale Westhoff, global head of structured products research at Credit Suisse Group AG, reported that of the 11 million homeowners who currently owe more on their homes than the homes are worth ("underwater"), approximately 6.5 million have never missed a payment and two million more are making on-time payments after a delinquency, according to Bloomberg. Westhoff is concerned that a stronger push for principal reductions could push defaults much higher if homeowners seek the aid ("moral hazard"). Laurie Goodman, analyst at Amherst Securities Group LP, thinks the reductions help. Among subprime borrowers who received payment reductions of more than 40% in 2010, 19% defaulted after 12 months if their reworked loans included a lower balance. For those subprime borrowers who only received a lower interest rate, 27% fell behind after 12 months, according to Goodman. A Deutsche Bank report noted that borrowers are 1.7 times more likely to default again when a loan is reworked without cutting the balance, according to Bloomberg.

Tuesday, January 24, 2012

Many seniors are choosing to work into their retirement years because they enjoy it, are living longer, and derive a sense of purpose from it, according to USA TODAY. The percentage of people who either work or want to work has risen in both the 65-and-older and 75-and-older groups. In 2011, the participation rate for 65-and-older was 17.9%, compared to 10.8% in 1985, according to Sara Rix, senior adviser for the AARP Public Policy Institute. For 75-and-older, the rate jumped from 4.3% in 1990 to 7.5% in 2011. These are "whopping" increases, according to Rix. The average age of retirement is 64 for men and 62 for women, according to the Center for Retirement Research. Census data shows that the number of Americans living to age 90 and beyond has tripled in the past three decades to nearly 2 million and is expected to quadruple by 2050.

Wednesday, January 25, 2012

Lipper data shows that investors poured \$31.3 billion into mutual funds and ETFs that invest in dividend-paying stocks in 2011, nearly five times the amount in 2010, according to SmartMoney.com. That is a stark contrast from the \$33.5 billion that was liquidated from all equity funds/ETFs. In 2011, approximately 68% of S&P 500 companies increased their dividend payouts, up from around 52% in 2010 and 41% in 2009, according to Bloomberg.

Thursday, January 26, 2012

Today, 28% of all households consist of just one person, which is not only the highest level in U.S. history, but double the percentage in 1960, according to Fortune. The percentage is much higher in large urban areas. More than 40% of households in Atlanta, Washington, D.C., Denver, St. Louis, and Seattle have just one occupant. The rate is nearly 50% in Manhattan. Singles spent 23% more of their discretionary income in 2010 than their married counterparts (no children), according to the federal Consumer Expenditure survey. The Bureau of Labor Statistics estimates that consumption by U.S. singles contributes \$1.9 trillion to the economy annually.

Friday, January 27, 2012

The low price of natural gas is forcing producers to scale back production and costs, according to MarketWatch.com. Natural gas is selling at around \$2.60 per million British thermal units. The price fell to \$2.32 on 1/19/12, its lowest level since 2002. The majority of U.S. natural gas comes from dry-gas wells (nearly pure methane). For most dry-gas regions, the price of natural gas needs to be \$3 to \$4 just to break even. Natural gas storage stood at 3.1 trillion cubic feet on 1/20/12, 547 billion cubic feet above the five-year average, according to the U.S. Energy Information Administration.