Retail Investors May Finally Be Warming Up To U.S. Stocks

**View from the Observation Deck**

2. It closed the trading session on 3/8/13 at a price level of 1551.18, just 0.9% below its all-time high of 1565.15 on 10/9/07.
3. The bull market in the S&P 500 marked its four-year anniversary on 3/9/13. One wonders how many retail investors were on board for the ride?
4. The green line in the first chart shows large blocks of (institutional) capital consistently flowing into the stock market over the past five years.
5. Chart two shows capital flowing out of the stock market following the “flash crash” in May 2010. This chart largely reflects the sentiments/actions of retail investors (non-block share flows).
6. Activity over the past nine months indicates that non-block share net outflows appear to have bottomed in the second half of 2012. We have mostly experienced net inflows in 2013.
7. Mutual fund flows confirm the upturn. Reuters reported that investors poured a net $21 billion into funds that hold U.S. stocks year-to-date through 3/8. Investors liquidated a net $71.8 billion from them in 2012.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance. Past performance is no guarantee of future results.