

Stock Index Performance

Index	Week	YTD	12-mo.	2008	5-yr
Dow Jones Industrial Avg. (9972)	-0.17%	16.69%	18.68%	-31.92%	3.05%
S&P 500 (1080)	-0.72%	21.92%	22.06%	-36.99%	1.79%
NASDAQ 100 (1754)	0.83%	45.56%	42.59%	-41.57%	4.57%
S&P 500/Citigroup Growth	-0.07%	26.28%	28.68%	-34.91%	2.64%
S&P 500/Citigroup Value	-1.43%	17.34%	15.15%	-39.19%	0.84%
S&P MidCap 400/Citigroup Growth	-0.58%	37.25%	43.35%	-37.58%	5.63%
S&P MidCap 400/Citigroup Value	-1.26%	27.17%	33.73%	-34.78%	4.52%
S&P SmallCap600/Citigroup Growth	-2.15%	22.54%	25.24%	-32.84%	3.65%
S&P SmallCap600/Citigroup Value	-2.60%	16.77%	21.49%	-29.50%	2.60%
MSCI EAFE	0.49%	32.42%	36.68%	-43.07%	6.13%
MSCI World (ex US)	0.24%	40.86%	46.71%	-43.26%	8.31%
MSCI World	-0.23%	27.91%	29.82%	-40.39%	3.95%
MSCI Emerging Markets	0.23%	74.31%	92.77%	-53.49%	18.41%

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 10/23/09.

S&P Sector Performance

Index	Week	YTD	12-mo.	2008	5-yr
Consumer Discretionary	-0.25%	32.98%	42.29%	-33.49%	-0.71%
Consumer Staples	-1.26%	11.85%	14.46%	-15.44%	6.99%
Energy	-1.12%	16.34%	22.40%	-34.89%	11.46%
Financials	-0.83%	22.42%	7.33%	-55.23%	-8.64%
Health Care	-1.65%	9.80%	12.04%	-22.80%	3.15%
Industrials	-1.59%	15.48%	16.61%	-39.92%	0.25%
Information Technology	1.04%	50.83%	45.25%	-43.14%	3.98%
Materials	-1.76%	41.04%	37.87%	-45.64%	5.74%
Telecom Services	-0.52%	-2.18%	12.79%	-30.47%	1.26%
Utilities	-0.88%	4.83%	8.87%	-28.99%	6.63%

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 10/23/09.

Bond Index Performance

Index	Week	YTD	12-mo.	2008	5-yr
U.S. Treasury: Intermediate	-0.21%	-1.14%	3.61%	11.35%	4.61%
GNMA 30 Year	-0.10%	5.15%	8.65%	7.87%	5.66%
U.S. Aggregate	-0.01%	5.70%	10.97%	5.24%	4.94%
U.S. Corporate High Yield	0.85%	51.98%	48.08%	-26.16%	6.33%
U.S. Corporate Investment Grade	0.22%	17.12%	27.49%	-4.94%	4.38%
Municipal Bond: Long Bond (22+)	-0.04%	23.68%	19.85%	-14.68%	4.14%
Global Aggregate	0.01%	8.30%	16.71%	4.79%	5.80%

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 10/23/09.

Key Rates

As of 10/23

Fed Funds	0.00-0.25%	5-yr CD	2.97%
LIBOR (1-month)	0.25%	2-yr T-Note	1.00%
CPI - Headline	-1.30%	5-yr T-Note	2.44%
CPI - Core	1.50%	10-yr T-Note	3.48%
Money Market Accts.	1.07%	30-yr T-Bond	4.29%
Money Market Funds	0.05%	30-yr Mortgage	5.15%
6-mo. CD	1.28%	Prime Rate	3.25%
1-yr CD	1.68%	Bond Buyer 40	5.17%

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

Market Indicators

As of 10/23

TED Spread	22 bps
Investment Grade Spread (A2)	226 bps
ML High Yield Master II Index Spread	746 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 10/14/09

Estimated Flows to Long-Term Mutual Funds			
	Current Week	Previous	
Domestic Equity	-\$5.283 Billion	-\$4.950 Billion	
Foreign Equity	\$1.894 Billion	\$583 Million	
Taxable Bond	\$8.440 Billion	\$12.482 Billion	
Municipal Bond	\$361 Million	\$2.726 Billion	
Change in Money Market Fund Assets			
	Current Week	Previous	
Retail	-\$11.66 Billion	-\$6.71 Billion	
Institutional	-\$19.61 Billion	-\$35.53 Billion	

Source: Investment Company Institute

Factoids for the week of October 19th – 23rd

Monday, October 19, 2009

Worldwide sales of semiconductors totaled \$19.1 billion in August, down 16.1% from August 2008, according to the Semiconductor Industry Association. The good news is August marked the sixth-consecutive month of sequential increases. Sales in August were 5.0% higher than in July. Sales were up in all geographic regions. In addition to the usual demand from PC and smart cell phone vendors, there is increased demand from producers of energy-efficient products, ranging from automobiles to home appliances. The International Monetary Fund raised its global growth forecast for 2010 from 2.5% to 3.1% at the end of September. That is a good sign for the industry since demand for tech products has been consistently stronger in the emerging markets in recent years than in the U.S. The Philadelphia Semiconductor Index (SOX) closed September 75.6% below its 10-year high of 1,332.73 on March 10, 2000.

Tuesday, October 20, 2009

Investors poured a net \$16.35 billion into International/Global Equity funds in the first eight months of 2009, while International/Global Bond funds took in a modest \$1.8 billion, according to Strategic Insight, LLC. Emerging Markets equity funds accounted for \$10.54 billion of the \$16.35 billion, or 64% of net inflows. With respect to bond funds, the Emerging Markets funds experienced net outflows of \$1.73 billion. Year-to-date through October 15, the MSCI Emerging Markets Index was up 72.1% (USD), versus a gain of 35.2% (USD) for the MSCI World Index (ex-U.S.). The S&P 500 was up 23.8%. The Barclays Capital Global Emerging Markets Index of bonds was up 36.0% (USD), versus a gain of 8.5% (USD) for its Global Aggregate Index.

Wednesday, October 21, 2009

The global speculative-grade default rate stood at 12.0% in September, up from 11.5% in August, according to Moody's. There have been 222 so far in 2009. There were just 62 defaults in the first nine months of 2008. Moody's is now forecasting the default rate will rise to 12.5% by December 2009, and then decline sharply to 4.5% by September 2010. The U.S. speculative-grade default rate stood at 12.9% in September, up from 12.2% in August. Moody's is now forecasting the rate will rise to 13.5% by December 2009, and then fall to 4.4% by September 2010. The default rate on senior loans stood at 7.71% in September, up from 6.89% in August, according to Standard & Poor's LCD. The all-time high was 8.23% in December 2000.

Thursday, October 22, 2009

The VIX volatility index is trading near 22 this morning, but closed at 20.90 this past Tuesday. The VIX has averaged 21.90 so far this decade. It surged to 80.86 during the financial crisis. The VIX has been above 20 for 289 consecutive trading days, which is the longest streak since 1990, according to Bespoke Investment Group. The last time the VIX fell below 20 for an extended period of time was from May 2003 through July 2007. From 4/30/03-7/31/07, the S&P 500 posted a cumulative total return of 71.3%.

Friday, October 23, 2009

The global pharmaceutical market is expected to grow 4-6% in 2010 to more than \$825 billion, according to IMS Health. It sees growing demand in the U.S. as the primary near-term driver. It is forecasting \$975+ billion in sales by 2013. The total dollar amount is tempered somewhat by the fact that \$137 billion worth of drugs currently on the market will lose patent protection (opens door to lower-priced generics) over the next five years.