

Stock Index Performance

Index	Week	YTD	12-mo.	2008	5-yr
DOW JONES 30 (8269)	-3.37%	-4.39%	-34.21%	-31.92%	-1.31%
S&P 500 (883)	-4.88%	-1.20%	-36.31%	-36.99%	-2.26%
NASDAQ 100 (1355)	-2.78%	12.17%	-32.87%	-41.57%	-0.17%
S&P 500/Citigroup Growth	-3.55%	2.19%	-32.41%	-34.91%	-2.09%
S&P 500/Citigroup Value	-6.34%	-4.77%	-40.32%	-39.19%	-2.54%
S&P MidCap 400/Citigroup Growth	-6.26%	5.78%	-36.22%	-37.58%	0.73%
S&P MidCap 400/Citigroup Value	-7.68%	-1.38%	-37.55%	-34.78%	0.35%
S&P SmallCap600/Citigroup Growth	-6.86%	-3.21%	-34.94%	-32.84%	0.24%
S&P SmallCap600/Citigroup Value	-8.47%	-7.34%	-34.50%	-29.50%	-0.49%
MSCI EAFE	-1.41%	2.47%	-40.55%	-43.07%	3.23%
MSCI World (ex US)	-1.76%	3.63%	-40.56%	-43.26%	3.78%
MSCI World	-3.32%	1.39%	-38.66%	-40.39%	0.70%
MSCI Emerging Markets	-2.32%	25.97%	-40.50%	-53.49%	14.28%

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 5/15/09.

S&P Sector Performance

Index	Week	YTD	12-mo.	2008	5-yr
Consumer Discretionary	-7.23%	4.00%	-32.76%	-33.49%	-4.83%
Consumer Staples	-0.54%	-5.23%	-18.91%	-15.44%	2.42%
Energy	-6.47%	-3.05%	-40.93%	-34.89%	11.00%
Financials	-12.06%	-7.29%	-54.89%	-55.23%	-13.58%
Health Care	-0.89%	-4.48%	-18.24%	-22.80%	-2.13%
Industrials	-7.39%	-6.53%	-43.79%	-39.92%	-2.58%
Information Technology	-1.75%	13.65%	-32.91%	-43.14%	-2.07%
Materials	-4.59%	13.05%	-43.89%	-45.64%	3.07%
Telecom Services	-1.83%	-5.41%	-29.73%	-30.47%	2.04%
Utilities	-5.11%	-9.80%	-33.37%	-28.99%	6.53%

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 5/15/09.

Bond Index Performance

Index	Week	YTD	12-mo.	2008	5-yr
U.S. Treasury: Intermediate	0.65%	-1.14%	7.39%	11.35%	5.33%
GNMA 30 Year	0.58%	3.01%	8.22%	7.87%	6.19%
U.S. Aggregate	0.72%	1.45%	4.64%	5.24%	5.21%
U.S. Corporate High Yield	-1.19%	22.51%	-11.09%	-26.16%	3.66%
U.S. Corporate Investment Grade	0.87%	3.73%	-2.16%	-4.94%	3.24%
Municipal Bond: Long Bond (22+)	1.08%	14.08%	-2.67%	-14.68%	4.14%
Global Aggregate	1.40%	-0.39%	0.38%	4.79%	5.67%

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 5/15/09.

Key Rates

As of 5/15

Fed Funds	0.25%	5-YR CD	2.75%
LIBOR (1-month)	0.35%	2-YR T-Note	0.85%
CPI - Headline	-0.70%	5-YR T-Note	1.99%
CPI - Core	1.90%	10-YR T-Note	3.13%
Money Market Accts.	1.34%	30-YR T-Bond	4.08%
Money Market Funds	0.19%	30-YR Mortgage	4.97%
6-mo. CD	1.57%	Prime Rate	3.25%
1-YR CD	1.96%	Bond Buyer 40	5.28%

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

Market Indicators

As of 5/15

TED Spread	62 bps
Investment Grade Spread (A2)	434 bps
ML High Yield Master II Index Spread	1291 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 5/6/09

Estimated Flows to Long-Term Mutual Funds

	Current Week	Previous
Domestic Equity	\$9.849 Billion	\$381 Million
Foreign Equity	-\$1.676 Billion	-\$198 Million
Taxable Bond	\$2.096 Billion	\$4.410 Billion
Municipal Bond	\$1.731 Billion	\$1.201 Billion

Change in Money Market Fund Assets

	Current Week	Previous
Retail	-\$13.47 Billion	-\$6.85 Billion
Institutional	\$15.80 Billion	-\$4.15 Billion

Source: Investment Company Institute

Factoids for the week of May 11th – May 15th

Monday, May 11, 2009

The global speculative-grade default rate stood at 8.3% in April, up from 7.4% (revised from 7.0%) in March, according to Moody's. There were 25 defaults in April. There have been 112 so far in 2009. There were just 22 defaults in the first four months of 2008. Moody's is now forecasting the default rate will rise to 14.8% by December 2009, and then dip to 10.4% by April 2010. The U.S. speculative-grade default rate stood at 9.2% in April, up from 8.0% (revised from 7.4%) in March. Moody's is now forecasting the rate will rise to 14.5% by December 2009. The default rate on senior loans stood at 5.39% in April, up from 5.02% in March, according to Standard & Poor's LCD. It sees default rates climbing to the mid-teens by year-end.

Tuesday, May 12, 2009

Piracy accounted for 41% of all PC software installed worldwide (business and home computers) in 2008, up from 38% in 2007, according to the Business Software Alliance. It estimates that the piracy shortchanged software companies by \$53 billion. Global PC software sales rose 14% last year to \$88 billion.

Wednesday, May 13, 2009

A standard definition of a bull market is a 20% rise in the market over an extended period of time, but there are others, according to SeekingAlpha.com. Ned Davis Research employs the following definitions: (1) a bull market occurs in the event of a 30% rise in stocks over a 50-day period, or (2) a 13% rise after 155 days. Using the first definition, the U.S. is in a bull market since the S&P 500 gained 37.8% from March 9 through May 10 (62 days). We will have to wait another three months to see if the second hurdle is cleared.

Thursday, May 14, 2009

Taxable mutual fund investors paid an estimated \$15.8 billion in taxes in 2008, down 53% from the previous year, but close to the 10-year average, according to Lipper. Fund distributions totaled \$261.1 billion, down from a record-high \$581.6 billion in 2007. Equity investors accounted for nearly 60% of the taxes owed. They were hit especially hard because in addition to paying taxes on the distributions the average equity fund declined by 39.54% in 2008, the worst showing since Lipper began tracking funds in 1959.

Friday, May 15, 2009

The U.S. Senate public works committee approved a bill yesterday calling for approximately \$37 billion to be spent over the next five years on initiatives to upgrade our drinking water and sewer systems, according to Reuters. The House and Senate must now pass it before President Obama can sign it into law. Close to \$20 billion would be directed to clean water state revolving funds, which loan money to water authorities for building and repairs. Another \$15 billion would go to similar funds used to maintain drinking water supplies. The last \$2 billion will come from the American Recovery and Reinvestment Act passed in February.