

Stock Index Performance

Index	Week	YTD	12-mo.	2008	5-yr
DOW JONES 30 (8799)	0.50%	2.02%	-25.04%	-31.92%	-0.82%
S&P 500 (946)	0.71%	6.11%	-27.45%	-36.99%	-1.60%
NASDAQ 100 (1490)	-0.21%	23.45%	-22.03%	-41.57%	0.61%
S&P 500/Citigroup Growth	0.47%	10.66%	-24.10%	-34.91%	-1.23%
S&P 500/Citigroup Value	0.99%	1.32%	-30.94%	-39.19%	-2.11%
S&P MidCap 400/Citigroup Growth	0.51%	16.55%	-28.24%	-37.58%	1.75%
S&P MidCap 400/Citigroup Value	-0.09%	7.41%	-28.94%	-34.78%	1.10%
S&P SmallCap600/Citigroup Growth	-1.16%	6.15%	-26.96%	-32.84%	1.01%
S&P SmallCap600/Citigroup Value	-1.24%	1.32%	-25.50%	-29.50%	0.26%
MSCI EAFE	1.96%	11.33%	-30.72%	-43.07%	3.72%
MSCI World (ex US)	1.77%	13.09%	-30.63%	-43.26%	4.38%
MSCI World	1.27%	9.84%	-29.31%	-40.39%	1.38%
MSCI Emerging Markets	0.44%	41.02%	-27.73%	-53.49%	16.27%

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 6/12/09.

S&P Sector Performance

Index	Week	YTD	12-mo.	2008	5-yr
Consumer Discretionary	-0.58%	11.78%	-21.16%	-33.49%	-4.47%
Consumer Staples	-0.77%	-0.72%	-14.16%	-15.44%	2.76%
Energy	2.42%	7.02%	-33.92%	-34.89%	12.94%
Financials	1.70%	0.61%	-43.02%	-55.23%	-12.86%
Health Care	-0.19%	-2.92%	-14.61%	-22.80%	-2.01%
Industrials	-0.73%	0.87%	-34.54%	-39.92%	-2.17%
Information Technology	0.81%	26.17%	-21.83%	-43.14%	-1.08%
Materials	1.47%	23.36%	-36.09%	-45.64%	3.73%
Telecom Services	2.04%	-3.83%	-22.32%	-30.47%	2.17%
Utilities	3.95%	-1.82%	-28.02%	-28.99%	7.61%

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 6/12/09.

Bond Index Performance

Index	Week	YTD	12-mo.	2008	5-yr
U.S. Treasury: Intermediate	0.30%	-3.38%	6.46%	11.35%	4.86%
GNMA 30 Year	-0.02%	1.55%	8.99%	7.87%	5.83%
U.S. Aggregate	0.43%	0.45%	5.66%	5.24%	4.93%
U.S. Corporate High Yield	1.55%	31.84%	-3.88%	-26.16%	4.77%
U.S. Corporate Investment Grade	1.56%	6.51%	2.44%	-4.94%	3.69%
Municipal Bond: Long Bond (22+)	-0.82%	11.96%	-3.03%	-14.68%	3.67%
Global Aggregate	0.34%	-0.15%	3.00%	4.79%	5.37%

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 6/12/09.

Key Rates

As of 6/12

Fed Funds	0.25%	5-YR CD	2.57%
LIBOR (1-month)	0.32%	2-YR T-Note	1.27%
CPI - Headline	-0.70%	5-YR T-Note	2.78%
CPI - Core	1.90%	10-YR T-Note	3.78%
Money Market Accts.	1.30%	30-YR T-Bond	4.64%
Money Market Funds	0.16%	30-YR Mortgage	5.67%
6-mo. CD	1.40%	Prime Rate	3.25%
1-YR CD	1.73%	Bond Buyer 40	5.52%

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

Market Indicators

As of 6/12

TED Spread	43 bps
Investment Grade Spread (A2)	326 bps
ML High Yield Master II Index Spread	1043 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 6/3/09

Estimated Flows to Long-Term Mutual Funds		
	Current Week	Previous
Domestic Equity	\$2.830 Billion	\$953 Million
Foreign Equity	\$1.804 Billion	\$629 Million
Taxable Bond	\$7.131 Billion	\$4.619 Billion
Municipal Bond	\$1.298 Billion	\$1.405 Billion
Change in Money Market Fund Assets		
	Current Week	Previous
Retail	\$1.242 Billion	-\$9.80 Billion
Institutional	\$2.505 Billion	-\$15.41 Billion

Source: Investment Company Institute

Factoids for the week of June 8th – June 12th

Monday, June 8, 2009

The price of crude oil is trading at close to 18 times the price of natural gas (\$68.44 vs. \$3.87 as of 6/5). The primary reason for the large spread is that natural gas inventories are currently 22% above their five-year average and 31% above this point last year, according to Bespoke Investment Group. Historically, when the ratio between oil and gas exceeds 18 natural gas tends to outperform oil. From Q3'90 through Q4'08, the price of natural gas increased 12.95%, on average, during Q3, according to Bespoke. Second best was 3.92% in Q2.

Tuesday, June 9, 2009

Broadband penetration in rural America significantly lags both urban and suburban areas. Currently, about 57% of urban and 60% of suburban households subscribe to broadband, compared to just 38% of rural households, according to data from Communications Workers of America. Rural America is home to more than 60 million consumers. The average cost of high-speed Internet access in the U.S. is roughly \$45 per month, but charges can run higher in those rural communities that offer it. Congress has appropriated \$7.2 billion in economic stimulus funding to help extend broadband services.

Wednesday, June 10, 2009

A recent survey by Accenture revealed that two-thirds of 104 of the world's top insurance companies (28 based in the U.S.) intend to expand operations outside of their home markets in the next 12 months, according to SmartMoney.com. In order to generate profits insurers will need to accelerate product innovation, boost operational efficiency, and standardize their internal operations across all regions, according to Serge Callet, managing director of Accenture's insurance practice. More than eight out of 10 insurers said that emerging economies will be a priority. From 2/23/07 (peak in financials) through 6/5/09, the S&P Insurance Index declined 63.3%, vs. -64.5% for the S&P Financials Index and -31.8% for the S&P 500.

Thursday, June 11, 2009

Bank of America Merrill Lynch is forecasting an increase in defaults on commercial mortgage-backed securities through 2010, according to Bloomberg. Interest-only and partial interest-only loans are especially vulnerable in this climate. These loans are designed to allow the property owner to postpone principal payments for a portion of the term or to maturity. About \$179 billion of the partial interest-only loans were bundled into bonds between 2005 and 2007 and the principal is coming due. Landlords could see their monthly payments jump 20% or more. The delinquency rate on commercial mortgages placed into securities is currently 2.77% (all-time high), up from 0.47% at the end of 2007, according to the Royal Bank of Scotland Group. Office vacancies in the U.S. stood at 15.5% in Q1'09, up from 13.3% in Q1'08, according to CB Richard Ellis.

Friday, June 12, 2009

The number of U.S. credit card accounts declined from a peak of 440 million in June 2008 to 365 million in May 2009, according to Reuters. Card companies withdrew more than \$600 billion in credit over that span. Delinquencies at least 60 days past due edged higher in May to 4.79%, nearly double the rate at the same point in 2005. The U.S. savings rate rose to 5.7% in April, the highest it has been since February 1995, according to the Commerce Department.