

Stock Index Performance

Index	Week	YTD	12-mo.	2008	5-yr
Dow Jones Industrial Avg. (9820)	2.25%	14.71%	-7.79%	-31.92%	1.66%
S&P 500 (1068)	2.47%	20.47%	-9.06%	-36.99%	0.98%
NASDAQ 100 (1725)	2.36%	43.17%	2.40%	-41.57%	4.40%
S&P 500/Citigroup Growth	2.14%	23.23%	-5.34%	-34.91%	1.48%
S&P 500/Citigroup Value	2.84%	17.56%	-12.98%	-39.19%	0.39%
S&P MidCap 400/Citigroup Growth	2.93%	35.15%	-5.95%	-37.58%	5.22%
S&P MidCap 400/Citigroup Value	3.62%	28.93%	-8.68%	-34.78%	4.55%
S&P SmallCap600/Citigroup Growth	3.43%	22.78%	-14.44%	-32.84%	3.75%
S&P SmallCap600/Citigroup Value	4.04%	20.63%	-14.50%	-29.50%	2.93%
MSCI EAFE	1.21%	30.30%	2.13%	-43.07%	6.40%
MSCI World (ex US)	1.60%	37.60%	5.53%	-43.26%	8.46%
MSCI World	1.82%	26.16%	-3.99%	-40.39%	3.65%
MSCI Emerging Markets	2.82%	65.27%	22.68%	-53.49%	17.59%

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 9/18/09.

S&P Sector Performance

Index	Week	YTD	12-mo.	2008	5-yr
Consumer Discretionary	3.19%	31.31%	-5.30%	-33.49%	-1.01%
Consumer Staples	1.15%	9.02%	-7.61%	-15.44%	5.79%
Energy	2.85%	10.32%	-14.90%	-34.89%	11.04%
Financials	4.55%	22.87%	-23.10%	-55.23%	-9.72%
Health Care	0.25%	10.04%	-5.34%	-22.80%	1.17%
Industrials	3.98%	17.70%	-14.81%	-39.92%	0.03%
Information Technology	1.57%	46.18%	5.22%	-43.14%	3.64%
Materials	4.69%	42.86%	-11.04%	-45.64%	5.98%
Telecom Services	0.06%	0.89%	-4.03%	-30.47%	1.55%
Utilities	3.65%	5.53%	-8.11%	-28.99%	7.19%

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 9/18/09.

Bond Index Performance

Index	Week	YTD	12-mo.	2008	5-yr
U.S. Treasury: Intermediate	-0.51%	-1.48%	3.37%	11.35%	4.66%
GNMA 30 Year	-0.06%	4.54%	7.89%	7.87%	5.71%
U.S. Aggregate	-0.19%	5.03%	7.87%	5.24%	5.00%
U.S. Corporate High Yield	2.70%	47.46%	15.34%	-26.16%	5.96%
U.S. Corporate Investment Grade	-0.03%	16.24%	16.64%	-4.94%	4.46%
Municipal Bond: Long Bond (22+)	1.27%	24.10%	13.95%	-14.68%	4.54%
Global Aggregate	-0.22%	7.14%	10.72%	4.79%	6.17%

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 9/18/09.

Key Rates

As of 9/18

Fed Funds	0.00-0.25%	5-yr CD	2.93%
LIBOR (1-month)	0.24%	2-yr T-Note	0.99%
CPI - Headline	-1.50%	5-yr T-Note	2.45%
CPI - Core	1.40%	10-yr T-Note	3.46%
Money Market Accts.	1.15%	30-yr T-Bond	4.22%
Money Market Funds	0.06%	30-yr Mortgage	5.16%
6-mo. CD	1.31%	Prime Rate	3.25%
1-yr CD	1.74%	Bond Buyer 40	5.05%

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

Market Indicators

As of 9/18

TED Spread	20 bps
Investment Grade Spread (A2)	232 bps
ML High Yield Master II Index Spread	800 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 9/09/09

Estimated Flows to Long-Term Mutual Funds

	Current Week	Previous
Domestic Equity	-\$1.794 Billion	-\$3.153 Billion
Foreign Equity	\$462 Million	-\$1.006 Billion
Taxable Bond	\$6.266 Billion	\$9.668 Billion
Municipal Bond	\$1.947 Billion	\$2.389 Billion

Change in Money Market Fund Assets

	Current Week	Previous
Retail	-\$10.36 Billion	-\$1.59 Billion
Institutional	-\$52.24 Billion	-\$13.71 Billion

Source: Investment Company Institute

Factoids for the week of September 14th – 18th

Monday, September 14, 2009

The DJIA closed Friday's session (anniversary of 9/11 attacks) at 9605.41, essentially unchanged from its 9605.51 close on September 10, 2001. The best performing stock in the index over the eight-year span was Hewlett-Packard, up 157%, according to Bespoke Investment Group. The worst performer was General Motors (bankrupt). The S&P 500 closed last Friday's session at 1042.73, below its close of 1092.54 on September 10, 2001.

Tuesday, September 15, 2009

S&P 500 stock buyback activity for Q2'09 totaled \$24.20 billion, a decline of 72.5% from the \$87.91 billion spent in Q2'08, according to Standard & Poor's. It was the lowest total since Q1'98. The record amount for buybacks in a single quarter was \$171.95 billion in Q3'07. The Energy sector was the most active accounting for 22.1% of all S&P 500 buybacks. Companies distributed \$47.63 billion in dividends in Q2.

Wednesday, September 16, 2009

The global speculative-grade default rate stood at 11.5% in August, up from a revised 11.0% in July (was originally 10.7%), according to Moody's. There were 15 defaults in August. There have been 205 so far in 2009. There were just 50 defaults in the first eight months of 2008. Moody's is now forecasting the default rate will rise to 12.6% by December 2009, and then decline sharply to 4.3% by August 2010. The U.S. speculative-grade default rate stood at 12.2% in August, up from a revised 11.9% in July (was originally 11.5%). Moody's is now forecasting the rate will rise to 13.2% by December 2009, and then fall to 4.1% by August 2010. The default rate on senior loans stood at 6.89% in August, up from 6.64% in July, according to Standard & Poor's LCD. The all-time high was 8.23% in December 2000.

Thursday, September 17, 2009

M&A activity is picking up of late and the ability to borrow money at cheaper rates is providing some tailwind. Bank of America-Merrill Lynch data shows that U.S. investment-grade corporate bond yield spreads over Treasuries have narrowed from a record-high 656 basis points in December to around 247 basis points today, according to Reuters. In 2007, global M&A activity peaked at \$4.17 trillion, according to Thomson Reuters. Deal volume declined to \$2.9 trillion in 2008 and is down 37% this year to \$1.3 trillion. The good news is activity jumped 15.2% from Q1'09 to Q2'09.

Friday, September 18, 2009

Natural gas closed yesterday's session at a price of \$3.46 per million British thermal units. The price has jumped 17% over the past four days. Over the past three years (post Katrina), the average price for natural gas has been \$6.93. The supply of natural gas in the U.S. is expected to reach an all-time high of 3.84 trillion cubic feet (previous record was 3.7 trillion in October 2007) by October 31, according to the Energy Industry Association (EIA). Demand for natural gas is picking up in the industrial sector. Gas-flow scheduling into industrial facilities just registered its 14th weekly increase in 15 weeks, according to Ben Smith, president of First Enercast Financial. The EIA is forecasting a 4.3% increase (y-o-y) in natural gas usage in the electric sector in the second half of 2009. Natural gas is currently more economical to burn than coal.