

Stock Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
Dow Jones Industrial Avg. (11,492)	0.75%	13.19%	14.54%	22.68%	3.85%
S&P 500 (1,244)	0.31%	13.74%	15.79%	26.47%	1.76%
NASDAQ 100 (2,218)	0.14%	20.17%	25.73%	54.63%	6.24%
S&P 500 Growth	0.39%	14.48%	17.20%	31.58%	3.17%
S&P 500 Value	0.25%	13.07%	0.00%	21.17%	0.27%
S&P MidCap 400 Growth	0.49%	30.87%	33.65%	41.23%	6.73%
S&P MidCap 400 Value	0.39%	21.24%	24.04%	33.77%	4.34%
S&P SmallCap 600 Growth	0.86%	29.11%	34.33%	28.34%	5.07%
S&P SmallCap 600 Value	0.95%	23.89%	27.97%	22.86%	3.80%
MSCI EAFE	-0.09%	5.33%	7.54%	31.78%	1.99%
MSCI World (ex US)	-0.07%	8.28%	11.11%	41.45%	4.34%
MSCI World	0.12%	9.78%	12.05%	29.99%	1.91%
MSCI Emerging Markets	0.07%	15.10%	19.32%	78.51%	12.60%

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 12/17/10.

S&P Sector Performance

Index	Week	YTD	12-mo.	2009	5-yr
Consumer Discretionary	-0.05%	27.53%	29.13%	41.33%	3.85%
Consumer Staples	1.64%	14.39%	15.06%	14.89%	7.33%
Energy	0.38%	16.65%	18.46%	13.86%	7.22%
Financials	-1.32%	8.98%	11.96%	17.24%	-11.24%
Health Care	1.63%	3.40%	4.03%	19.70%	1.99%
Industrials	0.78%	25.36%	24.98%	20.93%	2.78%
Information Technology	-0.40%	9.82%	14.58%	61.72%	4.32%
Materials	1.80%	19.20%	23.06%	48.57%	7.33%
Telecom Services	0.90%	16.74%	19.28%	8.93%	5.69%
Utilities	1.08%	4.61%	4.29%	11.91%	3.16%

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 12/17/10.

Bond Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
U.S. Treasury: Intermediate	0.08%	5.18%	3.75%	-1.41%	5.45%
GNMA 30 Year	-0.03%	6.23%	5.01%	5.37%	6.29%
U.S. Aggregate	0.08%	6.15%	4.91%	5.93%	5.80%
U.S. Corporate High Yield	0.02%	14.16%	15.06%	58.21%	8.78%
U.S. Corporate Investment Grade	0.23%	8.30%	7.08%	18.68%	6.02%
Municipal Bond: Long Bond (22+)	-0.56%	1.08%	0.92%	23.43%	2.83%
Global Aggregate	-0.29%	3.50%	2.19%	6.93%	6.09%

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 12/17/10.

Key Rates

As of 12/17				
Fed Funds	0.00-0.25%	5-yr CD		2.27%
LIBOR (1-month)	0.26%	2-yr T-Note		0.60%
CPI - Headline	1.10%	5-yr T-Note		1.96%
CPI - Core	0.80%	10-yr T-Note		3.33%
Money Market Accts.	0.65%	30-yr T-Bond		4.44%
Money Market Funds	0.03%	30-yr Mortgage		5.02%
6-mo CD	0.73%	Prime Rate		3.25%
1-yr CD	1.06%	Bond Buyer 40		5.51%

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

Market Indicators

As of 12/17	
TED Spread	19 bps
Investment Grade Spread (A2)	178 bps
ML High Yield Master II Index Spread	555 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 12/08/10

Estimated Flows to Long-Term Mutual Funds				
	Current Week		Previous	
Domestic Equity	-\$2.673	Billion	-\$1.801	Billion
Foreign Equity	\$1.273	Billion	\$1.848	Billion
Taxable Bond	-\$401	Million	\$549	Million
Municipal Bond	-\$1.259	Billion	-\$61	Million
Change in Money Market Fund Assets				
	Current Week		Previous	
Retail	\$0.53	Billion	\$2.64	Billion
Institutional	-\$33.76	Billion	\$22.63	Billion

Source: Investment Company Institute

Factoids for the week of December 13th – 17th

Monday, December 13, 2010

U.S. long bond futures rallied sharply from April through August of this year, a span in which they have historically performed relatively modestly, according to Bespoke Investment Group. After peaking in August, Treasuries relinquished a lot of their gains and did so at a point in the calendar where they tend to perform relatively well. Remember, the bull market in Treasuries that began in the early 1980s is still technically active at this point. The following shows the average monthly returns of long bond futures since 1980 versus 2010's returns (as of 12/10): January (-0.1% vs. 3.0%); February (-0.2% vs. 0.3%); March (-1.0% vs. -2.6%); April (-0.3% vs. 2.5%); May (0.4% vs. 3.5%); June (0.5% vs. 3.5%); July (0.0% vs. 1.0%); August (1.0% vs. 6.0%); September (0.0% vs. -2.0%); October (0.9% vs. -2.1%); November (1.2% vs. -1.7%); and December (-0.5% vs. -4.2%).

Tuesday, December 14, 2010

The S&P 500 will rise 11% from last week's close of 1240.40 to 1379.00 in 2011, according to the average of 11 equity strategists in a Bloomberg News survey. David Kostin, strategist at Goldman Sachs and the most accurate of the strategists surveyed in 2010, believes that strong sales growth will fuel a 17% rally through end of 2011. More than 70% of the companies in the S&P 500 topped their earnings estimates in Q3'10. It was the sixth consecutive quarter where the beat rate was 70% or better, the longest streak since 1993, according to Bloomberg.

Wednesday, December 15, 2010

A recent report from Vanguard revealed that U.S. stock fund managers now have 30% of their assets invested abroad, nearly double the percentage a decade ago, according to CNNMoney.com. The average world allocation mutual fund has 50% of its equity holdings outside the U.S., according to Morningstar. Managers surveyed by Vanguard said that investors should allocate as much as 15% of their equity portfolio to emerging markets.

Thursday, December 16, 2010

The Barclays Capital "Original E&P Spending Survey" (conducted semiannually) predicts that worldwide E&P expenditures will increase by 10.8% in 2011, according to Barclays Capital. Spending is expected to rise from \$442 billion this year to \$490 billion in 2011. Here is the global breakdown of the estimates: U.S. (\$86.58 billion in '10 vs. \$93.58 billion in '11); Canada (\$31.09 billion in '10 vs. \$32.59 billion in '11); and International (\$324.10 billion in '10 vs. \$363.35 billion in '11). Companies are basing their 2011 budgets on an average price of \$77.32 (up from \$73.56 in June) for crude oil and \$4.27 (down from \$4.65 in June) for natural gas.

Friday, December 17, 2010

A recent study from Birinyi Associates indicated a bounce in the performance of multinational corporations, according to CNNMoney.com. The study found that the S&P 100 stocks that garner at least 60% of their revenue from overseas operations were up 18% so far in 2010, vs. 7% for the overall index.