

Stock Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
Dow Jones Industrial Avg. (10,098)	-0.95%	-1.75%	19.13%	22.68%	1.61%
S&P 500 (1,065)	-1.20%	-3.49%	15.51%	26.47%	-0.74%
NASDAQ 100 (1,803)	-0.62%	-2.68%	19.55%	54.63%	3.28%
S&P 500 Growth	-1.01%	-4.63%	13.78%	31.58%	0.25%
S&P 500 Value	-1.38%	-2.32%	17.41%	21.17%	-1.82%
S&P MidCap 400 Growth	-1.18%	2.11%	25.54%	41.23%	2.84%
S&P MidCap 400 Value	-2.26%	-0.44%	24.49%	33.77%	1.26%
S&P SmallCap 600 Growth	-2.50%	0.49%	20.72%	28.34%	0.95%
S&P SmallCap 600 Value	-3.07%	-1.42%	18.71%	22.86%	-0.43%
MSCI EAFE	1.22%	-7.79%	11.38%	31.78%	1.90%
MSCI World (ex US)	0.63%	-6.23%	14.85%	41.45%	4.18%
MSCI World	-0.14%	-5.59%	13.38%	29.99%	0.54%
MSCI Emerging Markets	-0.24%	-2.81%	25.26%	78.51%	12.77%

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 07/16/10.

S&P Sector Performance

Index	Week	YTD	12-mo.	2009	5-yr
Consumer Discretionary	-1.16%	1.43%	28.55%	41.33%	-1.10%
Consumer Staples	0.10%	1.16%	13.94%	14.89%	5.34%
Energy	-1.82%	-9.05%	5.83%	13.86%	3.91%
Financials	-2.86%	-1.42%	16.75%	17.24%	-11.87%
Health Care	-1.27%	-7.24%	9.71%	19.70%	0.04%
Industrials	-1.91%	1.36%	25.95%	20.93%	-0.36%
Information Technology	0.03%	-6.08%	16.23%	61.72%	1.88%
Materials	-1.82%	-8.49%	15.93%	48.57%	3.57%
Telecom Services	-0.21%	-5.06%	10.51%	8.93%	1.29%
Utilities	-0.31%	-2.29%	10.14%	11.91%	2.31%

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 07/16/10.

Bond Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
U.S. Treasury: Intermediate	0.54%	5.10%	5.82%	-1.41%	5.52%
GNMA 30 Year	0.37%	5.94%	8.52%	5.37%	6.42%
U.S. Aggregate	0.62%	5.88%	9.46%	5.93%	5.78%
U.S. Corporate High Yield	1.04%	6.66%	28.72%	58.21%	7.36%
U.S. Corporate Investment Grade	1.18%	6.87%	16.21%	18.68%	5.66%
Municipal Bond: Long Bond (22+)	0.26%	5.09%	14.34%	23.43%	3.76%
Global Aggregate	1.56%	2.29%	6.41%	6.93%	5.82%

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 07/16/10.

Key Rates

	As of 07/16		
Fed Funds	0.00-0.25%	5-yr CD	2.72%
LIBOR (1-month)	0.34%	2-yr T-Note	0.58%
CPI - Headline	1.10%	5-yr T-Note	1.67%
CPI - Core	0.90%	10-yr T-Note	2.92%
Money Market Accts.	0.75%	30-yr T-Bond	3.93%
Money Market Funds	0.04%	30-yr Mortgage	4.59%
6-mo CD	0.86%	Prime Rate	3.25%
1-yr CD	1.34%	Bond Buyer 40	5.13%

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

Market Indicators

As of 07/16	
TED Spread	36 bps
Investment Grade Spread (A2)	203 bps
ML High Yield Master II Index Spread	678 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 07/07/10

Estimated Flows to Long-Term Mutual Funds				
	Current Week		Previous	
Domestic Equity	-\$4.115	Billion	-\$227	Million
Foreign Equity	-\$112	Million	\$47	Million
Taxable Bond	\$5.041	Billion	\$4.265	Billion
Municipal Bond	\$979	Million	\$558	Million
Change in Money Market Fund Assets				
	Current Week		Previous	
Retail	-\$1.38	Billion	\$6.53	Billion
Institutional	-\$11.74	Billion	\$11.30	Billion

Source: Investment Company Institute

Factoids for the week of July 12th – 16th

Monday, July 12, 2010

Moody's reported that the *global speculative-grade* default rate stood at 6.1% in June, down from 7.5% in May, according to *The Wall Street Journal*. The *U.S. speculative-grade* default rate stood at 6.3%, down from 7.9%. Moody's is now forecasting a default rate of 2.7% by December 2010 and 1.9% by June 2011. The default rate on *senior loans* stood at 5.73% in June, down from 6.18% in May, according to Standard & Poor's LCD. The default rate is expected to fall to around 4.1% by year-end.

Tuesday, July 13, 2010

The Green Street Advisors' Commercial Property Price Index (GSAS CPPI) indicates that property values have risen approximately 20% since May 2009, yet remain close to 25% below the 2007 market peak, according to REIT.com. Dividend payouts are showing some improvement as well. In 2009, more than 50 North American real estate companies, including REITs and non-REITs, cut their dividends, according to SNL Financial LC. Another 10 suspended payments entirely. Year-to-date through June 21, more than 20 had increased their dividends (17 REITs) and six of the 10 companies that suspended their dividends last year reinstated them.

Wednesday, July 14, 2010

A new report from Morgan Stanley analyst Emma Lawson supports the notion that the U.S. dollar is in danger of losing its status as the reserve currency of the world, according to *Fortune*. Lawson noted that central banks have lowered their allocation to U.S. dollars by almost a percentage point to 57.3% from 58.1%. In addition to buying gold bullion, they have increased their exposure to Canadian and Australian dollars by a full percentage point to 8.5%. The dollar has fallen by over 4% versus a basket of major currencies since it peaked on June 7. The problem is deficit financing. America's debt jumped \$166 billion in a single day at the start of July. That is more than the entire U.S. deficit was in 2007 (\$162 billion).

Thursday, July 15, 2010

Close to 528,000 homes were seized by lenders in the first six months of 2010, according to RealtyTrac. More than 900,000 were repossessed in 2009. A typical year would involve around 100,000 foreclosures. Lender Processing Services Inc., a company that tracks mortgages, says that, on average, it takes about 15 months for a home loan to go from being 30 days late to the property being foreclosed and sold, according to FOXNews.com. There are currently over 7.3 million home loans in some stage of delinquency. RealtyTrac projects it will take lenders through 2013 to handle the backlog of distressed properties currently on their books.

Friday, July 16, 2010

Brazil is poised to have its best harvest ever thanks to an extended run of great weather, according to Frank Holmes, CEO of U.S. Global Investors. Brazil is currently ranked fourth in the world in agriculture. Ag is the second biggest component of Brazil's economy and it employs more than 20 million people (1 out of 5 workers). It is the world's largest producer of coffee, oranges and sugar cane. Ag output is expected to grow by 40% this decade, nearly four times more than the U.S.