

Stock Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
Dow Jones Industrial Avg. (9,686)	-4.47%	-5.85%	17.03%	22.68%	1.41%
S&P 500 (1,023)	-4.99%	-7.38%	12.99%	26.47%	-1.00%
NASDAQ 100 (1,728)	-5.98%	-6.74%	17.43%	54.63%	3.57%
S&P 500 Growth	-4.89%	-8.50%	11.43%	31.58%	0.05%
S&P 500 Value	-5.08%	-6.24%	14.70%	21.17%	-2.14%
S&P MidCap 400 Growth	-5.39%	-1.72%	22.18%	41.23%	2.58%
S&P MidCap 400 Value	-6.04%	-3.55%	21.88%	33.77%	1.08%
S&P SmallCap 600 Growth	-5.44%	-1.49%	19.75%	28.34%	1.10%
S&P SmallCap 600 Value	-6.83%	-3.23%	18.46%	22.86%	-0.21%
MSCI EAFE	-2.48%	-13.26%	4.38%	31.78%	0.96%
MSCI World (ex US)	-3.03%	-11.25%	8.63%	41.45%	3.41%
MSCI World	-3.94%	-10.23%	8.71%	29.99%	-0.01%
MSCI Emerging Markets	-3.52%	-6.61%	20.68%	78.51%	12.49%

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 07/02/10.

S&P Sector Performance

Index	Week	YTD	12-mo.	2009	5-yr
Consumer Discretionary	-5.57%	-1.88%	27.16%	41.33%	-0.99%
Consumer Staples	-1.15%	-2.87%	11.66%	14.89%	5.01%
Energy	-5.45%	-12.74%	1.27%	13.86%	3.04%
Financials	-7.54%	-5.50%	15.19%	17.24%	-12.11%
Health Care	-3.13%	-9.29%	8.31%	19.70%	-0.07%
Industrials	-6.43%	-2.42%	24.61%	20.93%	-0.69%
Information Technology	-5.62%	-11.08%	14.45%	61.72%	1.99%
Materials	-6.68%	-13.76%	12.26%	48.57%	2.89%
Telecom Services	-1.27%	-7.84%	4.22%	8.93%	1.09%
Utilities	-2.26%	-7.40%	4.05%	11.91%	1.32%

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 07/02/10.

Bond Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
U.S. Treasury: Intermediate	0.39%	4.65%	5.36%	-1.41%	5.36%
GNMA 30 Year	0.12%	5.31%	8.17%	5.37%	6.29%
U.S. Aggregate	0.38%	5.24%	9.08%	5.93%	5.59%
U.S. Corporate High Yield	-0.30%	4.49%	26.22%	58.21%	7.14%
U.S. Corporate Investment Grade	0.71%	5.65%	15.29%	18.68%	5.35%
Municipal Bond: Long Bond (22+)	0.39%	4.64%	15.08%	23.43%	3.70%
Global Aggregate	1.37%	0.72%	5.80%	6.93%	5.41%

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 07/02/10.

Key Rates

	As of 07/02		
Fed Funds	0.00-0.25%	5-yr CD	2.78%
LIBOR (1-month)	0.35%	2-yr T-Note	0.61%
CPI - Headline	2.00%	5-yr T-Note	1.80%
CPI - Core	0.90%	10-yr T-Note	2.97%
Money Market Accts.	0.80%	30-yr T-Bond	3.93%
Money Market Funds	0.04%	30-yr Mortgage	4.70%
6-mo CD	0.88%	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 07/02	
TED Spread	36 bps
Investment Grade Spread (A2)	214 bps
ML High Yield Master II Index Spread	714 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 06/23/10

Estimated Flows to Long-Term Mutual Funds				
	Current Week		Previous	
Domestic Equity	-\$1.248	Billion	-\$1.824	Billion
Foreign Equity	-\$17	Million	-\$13	Million
Taxable Bond	\$5.881	Billion	\$4.233	Billion
Municipal Bond	\$438	Million	\$242	Million

Change in Money Market Fund Assets				
	Current Week		Previous	
Retail	-\$4.82	Billion	-\$6.61	Billion
Institutional	-\$0.75	Billion	\$18.29	Billion

Source: Investment Company Institute

Factoids for the week of June 28th – July 2nd

Monday, June 28, 2010

The correlation coefficient between stock prices and government bond yields in the 60 trading days through June 16 was 0.8412, according to Bloomberg. This relationship was almost as strong in the last economic expansion beginning in 2002. The S&P 500 went on to double in value from 10/9/02 through 10/9/07. Rising correlations indicate that investors are ignoring relative values and reacting more to headline news and day-to-day signals on the global economy. Periods of risk aversion, like now, usually last around two months, according to research from Deutch Bank AG. Binky Chadha, the firm's U.S. equity strategist, sees stocks rebounding in mid-July and predicts the S&P 500 will rally 28% to finish the year at 1375.

Tuesday, June 29, 2010

Thomson Reuters reported that the S&P 500 was trading at 12.7 times its 12-month forward-looking earnings estimate at the close of last Friday's trading session, according to USA TODAY. That is well below the 14.2 average posted over the past five years. Since 1960, stocks have averaged a 12-month return of 12.0% when the forward-looking P-E is between 10 and 15, according to Brian Belski, chief investment strategist at Oppenheimer. Analysts are expecting S&P 500 earnings to grow by 17.5% to \$96.42 in 2011, topping the previous high of \$88.18 in 2006.

Wednesday, June 30, 2010

Developing nations raised \$29.3 billion in Q2'10 (thru June 25) via IPOs, nearly three times more than the amount raised in industrialized markets, according to Bloomberg BusinessWeek. In fact, the emerging markets have launched more IPOs than their developed counterparts in each of the past five quarters, the longest run since 1999.

Thursday, July 1, 2010

A recent HSBC survey of executives at 650 U.S. mid-cap companies (annual sales from \$20 million to \$5 billion) found that 72% of those polled were raising their overseas revenue targets in the coming year, up from 56% in 2009, according to Kiplinger. From 6/30/00-6/30/10, the S&P 400 posted a cumulative total return of 67.6%, compared to 34.99% for the Russell 2000 and -14.77% for the S&P 500. The MSCI Emerging Markets Index was up 106.05%.

Friday, July 2, 2010

In June, the dividend-payers (368) in the S&P 500 (equal weight) posted a total return of -5.91%, vs. -7.30% for the non-payers (132), according to Standard & Poor's. Year-to-date, the payers were down 2.90%, vs. a loss of 4.41% for the non-payers. For the 12-month period ended June, payers were up 25.58%, vs. a gain of 26.98% for the non-payers. The number of dividend increases year-to-date totaled 130, up from 85 increases a year ago. One company decreased its dividend, down from 55 a year ago. One company suspended its dividend, down from 10 a year ago.