

Stock Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
Dow Jones Industrial Avg. (10,214)	-0.74%	-0.27%	12.25%	22.68%	2.01%
S&P 500 (1,072)	-0.65%	-2.66%	8.55%	26.47%	-0.48%
NASDAQ 100 (1,826)	0.42%	-1.39%	13.88%	54.63%	3.59%
S&P 500 Growth	-0.23%	-3.59%	9.46%	31.58%	0.55%
S&P 500 Value	-1.06%	-1.70%	7.51%	21.17%	-1.59%
S&P MidCap 400 Growth	0.56%	3.64%	17.09%	41.23%	3.24%
S&P MidCap 400 Value	0.05%	0.96%	14.15%	33.77%	1.61%
S&P SmallCap 600 Growth	0.47%	-0.28%	12.01%	28.34%	0.90%
S&P SmallCap 600 Value	-0.12%	-1.72%	7.91%	22.86%	-0.22%
MSCI EAFE	-1.25%	-7.67%	1.08%	31.78%	1.08%
MSCI World (ex US)	-0.63%	-5.12%	6.03%	41.45%	3.56%
MSCI World	-0.84%	-5.08%	4.95%	29.99%	0.32%
MSCI Emerging Markets	0.81%	1.49%	20.55%	78.51%	12.86%

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 08/20/10.

S&P Sector Performance

Index	Week	YTD	12-mo.	2009	5-yr
Consumer Discretionary	0.44%	4.38%	21.64%	41.33%	-0.39%
Consumer Staples	-0.29%	2.27%	12.60%	14.89%	5.73%
Energy	-2.11%	-7.75%	2.56%	13.86%	3.18%
Financials	-1.71%	-3.44%	-1.87%	17.24%	-11.88%
Health Care	-1.34%	-7.09%	3.22%	19.70%	0.12%
Industrials	-0.79%	5.21%	20.31%	20.93%	0.48%
Information Technology	0.71%	-7.39%	8.64%	61.72%	1.88%
Materials	0.57%	-3.52%	9.42%	48.57%	4.48%
Telecom Services	-1.17%	1.32%	13.28%	8.93%	2.86%
Utilities	-0.73%	0.20%	9.33%	11.91%	3.07%

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 08/20/10.

Bond Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
U.S. Treasury: Intermediate	0.11%	6.41%	6.62%	-1.41%	5.76%
GNMA 30 Year	-0.37%	6.33%	7.87%	5.37%	6.47%
U.S. Aggregate	0.25%	7.33%	9.20%	5.93%	6.04%
U.S. Corporate High Yield	0.29%	8.31%	22.88%	58.21%	7.56%
U.S. Corporate Investment Grade	0.84%	9.83%	14.50%	18.68%	6.18%
Municipal Bond: Long Bond (22+)	0.96%	7.95%	14.81%	23.43%	4.20%
Global Aggregate	0.41%	3.74%	5.95%	6.93%	5.92%

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 08/20/10.

Key Rates

	As of 08/20		
Fed Funds	0.00-0.25%	5-yr CD	2.62%
LIBOR (1-month)	0.27%	2-yr T-Note	0.48%
CPI - Headline	1.20%	5-yr T-Note	1.45%
CPI - Core	0.90%	10-yr T-Note	2.61%
Money Market Accts.	0.71%	30-yr T-Bond	3.65%
Money Market Funds	0.04%	30-yr Mortgage	4.52%
6-mo CD	0.80%	Prime Rate	3.25%
1-yr CD	1.29%	Bond Buyer 40	4.91%

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

Market Indicators

As of 08/20	
TED Spread	16 bps
Investment Grade Spread (A2)	196 bps
ML High Yield Master II Index Spread	682 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 08/11/10

Estimated Flows to Long-Term Mutual Funds

	Current Week	Previous
Domestic Equity	-\$2.073 Billion	-\$2.788 Billion
Foreign Equity	\$646 Million	-\$82 Million
Taxable Bond	\$5.788 Billion	\$6.593 Billion
Municipal Bond	\$1.382 Billion	\$1.203 Billion

Change in Money Market Fund Assets

	Current Week	Previous
Retail	-\$0.10 Billion	-\$5.88 Billion
Institutional	\$4.21 Billion	\$9.41 Billion

Source: Investment Company Institute

Factoids for the week of August 16th – 20th

Monday, August 16, 2010

The Joint Center for Housing Studies at Harvard reported that close to 63% of people in their late 50s and early 60s currently carry mortgage and home-equity debt, up from 49% in 1989, according to Reuters. In 2009, nearly 22% of homeowners age 55 to 64 were underwater on their mortgages, according to the Center for Economic Policy Research. Close to 36% of homeowners age 45 to 54 were in the same predicament. The national average is currently 21%, according to research firm IBISWorld.

Tuesday, August 17, 2010

The recent announcement that China's economy has overtaken Japan's as the second-largest in the world is only half the story. Japan accounts for 8.0% of the world's stock market capitalization, which ranks second to the U.S.'s 29.6% share, according to Bloomberg. China comes in third at 7.0%. Five years ago, Japan accounted for 10.3% of world market cap, while China accounted for just 1.1%, according to Bespoke Investment Group.

Wednesday, August 18, 2010

Despite the fact that yields on Treasuries and investment-grade corporate bonds are either at or near historical lows (Deutsche Bank AG strategist Jim Reid reported the top 10 lowest-yielding U.S. corporate new issues in history were sold in the last 14 months) investors continue to pour capital into bond funds. ICI data shows that close to \$185 billion flowed into bond funds in the first seven months of 2010, according to Bloomberg. That is the most for that span since 1984. Only about \$7 billion of the flows were invested in high yield corporate bond funds, an indication that investors aren't yet sold on the recovery. The 52 economists polled in a recent Blue Chip Economic Indicators survey see the economy expanding by 3.1% in 2010. S&P 500 earnings are estimated to be up 36% in 2010 and 16% in 2011, according to the average projections of analysts tracked by Bloomberg. If so, it would be the best two-year showing for earnings since the period ended 1995.

Thursday, August 19, 2010

The Q2 earnings season for the S&P 500 came to a close on August 17, according to Bespoke Investment Group. It researched the performance of the index during and after earnings season beginning in Q3'01. The S&P 500 returned 1.64% in the Q2'10 earnings season, well above the 1.11% median return since Q3'01. The median off-season return since Q3'01 was 2.00%.

Friday, August 20, 2010

Fidelity Investments announced today that a record number of workers made hardship withdrawals from their retirement accounts in Q2'10 (62,000 vs. 45,000 in Q2'09), according to USA TODAY. Perhaps even more alarming is that 45% of participants who took a hardship withdrawal last year took another one this year. The average age of the workers taking the withdrawals is between 35 and 55. On a separate note, the number of workers taking loans from their accounts hit a 10-year high in Q2'10. One piece of good news was that the average balance of \$61,800 was 15% higher than a year ago.