

Stock Index Performance

Index	Week	YTD	12-mo.	2010	5-yr.
Dow Jones Industrial Avg. (11,866)	-2.54%	5.24%	5.98%	14.06%	1.81%
S&P 500 (1,220)	-2.79%	-1.05%	0.19%	15.06%	-0.98%
NASDAQ 100 (2,238)	-3.46%	1.86%	1.86%	20.15%	5.08%
S&P 500 Growth	-3.04%	1.74%	2.41%	15.09%	1.61%
S&P 500 Value	-2.49%	-3.87%	-2.08%	15.13%	-3.64%
S&P MidCap 400 Growth	-4.05%	-3.10%	-2.96%	30.65%	4.49%
S&P MidCap 400 Value	-2.53%	-5.63%	-4.26%	22.80%	0.52%
S&P SmallCap 600 Growth	-2.58%	1.61%	1.69%	28.43%	3.28%
S&P SmallCap 600 Value	-2.48%	-4.90%	-3.49%	25.01%	-0.54%
MSCI EAFE	-4.01%	-14.79%	-13.25%	7.75%	-5.16%
MSCI World (ex US)	-3.87%	-16.09%	-14.10%	11.15%	-3.29%
MSCI World	-3.41%	-8.48%	-6.99%	11.76%	-2.97%
MSCI Emerging Markets	-3.19%	-19.54%	-16.63%	18.88%	2.61%

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 12/16/11.

S&P Sector Performance

Index	Week	YTD	12-mo.	2010	5-yr.
Consumer Discretionary	-3.00%	3.26%	3.62%	27.85%	1.46%
Consumer Staples	-0.52%	10.62%	10.62%	14.12%	7.03%
Energy	-4.87%	0.00%	3.12%	20.46%	3.06%
Financials	-3.73%	-19.87%	-17.29%	12.18%	-17.33%
Health Care	-0.30%	8.89%	8.42%	2.90%	2.16%
Industrials	-2.85%	-3.96%	-3.22%	26.74%	-0.24%
Information Technology	-4.12%	0.85%	1.34%	10.22%	3.14%
Materials	-3.71%	-12.35%	-9.38%	22.34%	0.88%
Telecom Services	-0.33%	2.06%	3.66%	18.97%	0.76%
Utilities	-0.18%	15.27%	16.60%	5.46%	2.76%

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 12/16/11.

Bond Index Performance

Index	Week	YTD	12-mo.	2010	5-yr.
U.S. Treasury: Intermediate	0.42%	6.63%	7.21%	5.29%	6.00%
GNMA 30 Year	0.14%	7.83%	9.18%	6.71%	6.92%
U.S. Aggregate	0.63%	7.72%	8.87%	6.54%	6.42%
U.S. Corporate High Yield	-0.01%	3.79%	4.72%	15.12%	7.41%
U.S. Corporate Investment Grade	1.02%	7.83%	9.54%	9.00%	6.68%
Municipal Bond: Long Bond (22+)	0.52%	14.06%	15.55%	1.12%	4.03%
Global Aggregate	-0.09%	5.23%	7.70%	5.55%	6.33%

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 12/16/11.

Key Rates

As of 12/16/11			
Fed Funds	0.00-0.25%	5-yr CD	1.42%
LIBOR (1-month)	0.28%	2-yr T-Note	0.22%
CPI - Headline	3.40%	5-yr T-Note	0.80%
CPI - Core	2.20%	10-yr T-Note	1.85%
Money Market Accts.	0.48%	30-yr T-Bond	2.85%
Money Market Funds	0.02%	30-yr Mortgage	3.92%
6-mo CD	0.46%	Prime Rate	3.25%
1-yr CD	0.72%	Bond Buyer 40	4.90%

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

Market Indicators

As of 12/16/11	
TED Spread	57 bps
Investment Grade Spread (A2)	275 bps
ML High Yield Master II Index Spread	766 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 12/7/11			
	Current Week	Previous	
Domestic Equity	-\$5.764 Billion	-\$6.669 Billion	
Foreign Equity	-\$2.209 Billion	-\$2.956 Billion	
Taxable Bond	\$2.091 Billion	\$709 Million	
Municipal Bond	\$1.456 Billion	\$449 Million	
Change in Money Market Fund Assets for the Week Ended 12/14/11			
	Current Week	Previous	
Retail	-\$0.12 Billion	\$5.94 Billion	
Institutional	\$0.15 Billion	\$19.31 Billion	

Source: Investment Company Institute

Factoids for the week of December 12th – 16th

Monday, December 12, 2011

U.S. corporations are still holding record amounts of cash. Non-financial companies in the S&P 500 held more than \$1.15 trillion in cash and equivalents in Q3'11, more than double the \$527 billion held in 2003, according to S&P Capital IQ. All U.S. non-financial companies combined held \$2.12 trillion in Q3'11, according to data from the Federal Reserve.

Tuesday, December 13, 2011

The Semiconductor Industry Association (SIA) has endorsed the World Semiconductor Trade Statistics (WSTS) organization's forecast that global semiconductor sales will total a record \$302 billion in 2011, according to its own press release. While up just a modest 1.3% from 2010's record sales, it is actually rather impressive when you factor in the production constraints caused by the natural disasters in Asia. The WSTS organization is forecasting 3.7% sales growth for 2012 and 5.8% for 2013.

Wednesday, December 14, 2011

U.S. insurer's sales of variable annuities (VAs) rose 16% (y-o-y) to \$40.2 billion in Q3'11 despite an increase in volatility in the equities markets, according to LIMRA. It was the sixth consecutive quarter of positive sales growth, with the last three posting double-digit gains. Year-to-date, VA sales are up 18% to \$120.9 billion. Fixed annuity sales declined by 1% to \$61.9 billion over the same span. Sales aren't as robust due to the low interest rate climate. Demand for guaranteed lifetime income is fueling sales.

Thursday, December 15, 2011

The Q4'11 edition of the *Investment Manager Outlook* (released 12/14), a survey of investment managers conducted by Russell Investment Group, found that 70% of managers expect market volatility to continue in 2012. Only 6% of managers think stocks are currently overvalued, down from 13% in the June survey. The all-time low is 5%. Managers are most bullish on the following asset classes (Q4'11/Q3'11): U.S. Large-Cap Value (61%/63%); U.S. Large-Cap Growth (58%/73%); and Emerging Market Equities (56%/74%). The biggest increase in bullish sentiment over Q3's levels was in High Yield Bonds (50%/38%). The sectors managers are most bullish on are Technology (73%/71%); Energy (60%/57%); and Consumer Discretionary (50%/41%).

Friday, December 16, 2011

Morningstar estimates that ETFs account for 35-40% of U.S. stock exchange volume, according to *Bloomberg Businessweek*. Leveraged and inverse ETFs hold just 3% of total ETF assets, but account for 14% of total ETF trading volume. Investors own leveraged and inverse funds an average of three days, compared to 16 days for "plain-vanilla" ETFs, according to Morningstar.