

Stock Index Performance

Index	Week	YTD	12-mo.	2010	5-yr
Dow Jones Industrial Avg. (12,391)	1.08%	7.45%	23.36%	14.06%	4.97%
S&P 500 (1,343)	1.10%	7.07%	24.53%	15.06%	3.01%
NASDAQ 100 (2,392)	0.60%	7.97%	33.03%	20.15%	8.04%
S&P 500 Growth	0.84%	6.06%	24.47%	15.09%	4.35%
S&P 500 Value	1.38%	8.13%	24.74%	15.13%	1.59%
S&P MidCap 400 Growth	0.92%	8.17%	40.67%	30.65%	7.58%
S&P MidCap 400 Value	1.75%	8.69%	31.43%	22.80%	5.25%
S&P SmallCap 600 Growth	1.48%	6.73%	38.24%	28.43%	5.39%
S&P SmallCap 600 Value	1.30%	5.79%	31.89%	25.01%	3.60%
MSCI EAFE	2.06%	6.26%	20.21%	7.75%	2.90%
MSCI World (ex US)	2.34%	4.20%	21.15%	11.15%	4.66%
MSCI World	1.65%	6.64%	22.61%	11.76%	3.01%
MSCI Emerging Markets	2.84%	-2.40%	21.31%	18.88%	10.01%

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 02/18/11.

S&P Sector Performance

Index	Week	YTD	12-mo.	2010	5-yr
Consumer Discretionary	1.13%	6.96%	35.96%	27.85%	5.15%
Consumer Staples	0.75%	1.37%	13.90%	14.12%	7.70%
Energy	3.87%	13.16%	37.45%	20.46%	9.67%
Financials	0.55%	7.78%	21.53%	12.18%	-9.65%
Health Care	1.35%	4.15%	6.39%	2.90%	2.06%
Industrials	0.60%	9.70%	35.76%	26.74%	4.54%
Information Technology	0.63%	8.55%	25.21%	10.22%	6.10%
Materials	1.00%	4.70%	33.01%	22.34%	7.58%
Telecom Services	-0.62%	0.01%	29.09%	18.97%	4.00%
Utilities	-0.42%	1.86%	14.06%	5.46%	3.69%

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 02/18/11.

Bond Index Performance

Index	Week	YTD	12-mo.	2010	5-yr
U.S. Treasury: Intermediate	0.31%	-0.63%	3.52%	5.29%	5.32%
GNMA 30 Year	0.63%	-0.43%	5.18%	6.71%	6.11%
U.S. Aggregate	0.42%	-0.48%	4.99%	6.54%	5.66%
U.S. Corporate High Yield	0.48%	3.52%	18.50%	15.12%	9.20%
U.S. Corporate Investment Grade	0.52%	-0.10%	8.52%	9.00%	6.02%
Municipal Bond: Long Bond (22+)	1.57%	-0.87%	-0.74%	1.12%	2.28%
Global Aggregate	0.50%	-0.54%	5.48%	5.54%	6.45%

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 02/18/11.

Key Rates

As of 02/18

Fed Funds	0.00-0.25%	5-yr CD	1.96%
LIBOR (1-month)	0.26%	2-yr T-Note	0.74%
CPI - Headline	1.60%	5-yr T-Note	2.26%
CPI - Core	1.00%	10-yr T-Note	3.58%
Money Market Accts.	0.62%	30-yr T-Bond	4.68%
Money Market Funds	0.03%	30-yr Mortgage	4.95%
6-mo CD	0.57%	Prime Rate	3.25%
1-yr CD	0.90%	Bond Buyer 40	5.63%

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

Market Indicators

As of 02/18

TED Spread	21 bps
Investment Grade Spread (A2)	159 bps
ML High Yield Master II Index Spread	453 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 2/9/11

Estimated Flows to Long-Term Mutual Funds			
	Current Week	Previous	
Domestic Equity	\$4.921 Billion	\$1.414	Billion
Foreign Equity	\$928 Million	\$346	Million
Taxable Bond	\$3.027 Billion	\$1.754	Billion
Municipal Bond	-\$1.466 Billion	-\$1.171	Billion

  

Change in Money Market Fund Assets			
	Current Week	Previous	
Retail	-\$3.07 Billion	-\$1.80	Billion
Institutional	\$8.62 Billion	\$12.03	Billion

Source: Investment Company Institute

Factoids for the week of February 14th – 18th

Monday, February 14, 2011

The yield on the 10-year T-Note has risen by 124 basis points to 3.63% over the past four months. Jeffrey Kleintop, chief market strategist at LPL Financial, found that, historically, whenever the yield on the 10-year was below 5.0%, stock prices and bond yields rose together while in the midst of an accelerating growth, low inflation climate, according to Dailyfinance.com. When the 10-year climbs above 5.0%, it tends to signal economic growth accompanied by inflation, and that tempers the present value of future earnings as well as equity valuations. The price-to-earnings ratio on the S&P 500 is 15.8, based on the past four quarters of earnings, which is well below the 19.3 average since 1988, according to USA TODAY.

Tuesday, February 15, 2011

The CEO Confidence Index rose 6.9% to 6.25 out of 10 (excellent) in January, the highest level since July 2007, according to Chief Executive. The high for the past decade approached a reading of 8.0 (very good) in early 2004. The monthly survey revealed that 68% of the 377 CEOs polled rated their expectations for business conditions as at least "good." Nearly 77% of CEOs anticipate revenue growth in their businesses over the coming year, while 70% anticipate profit growth. CEOs remain somewhat guarded because of the uncertainty surrounding government regulations.

Wednesday, February 16, 2011

S&P 500 companies (including financials) reduced their stockpile of cash & equivalents from a record \$2.46 trillion to \$2.40 trillion, according to the most recent quarterly reports tracked by Bloomberg. That is the first reduction in cash holdings since mid-2009. Capital spending increased \$22.3 billion to \$142.8 billion over that span, the biggest quarter-to-quarter increase since the end of 2004. A survey of 90 economists by Bloomberg produced an average GDP estimate of 3.2% for 2011, up from the 2.9% posted in 2010.

Thursday, February 17, 2011

Demand for high yield corporate bonds is strong of late thanks to upwardly revised GDP forecasts and a decline in the U.S. speculative-grade default rate (Moody's) to 3.0% in January 2011 from 13.7% a year ago. EPFR Global reported that investors poured a weekly record \$1.4 billion (net) into high-yield bond funds for the week ended February 9, according to USA TODAY. High demand, however, has pushed the yield down on the Merrill Lynch U.S. High Yield Master II Index to 7.35% as of last night's close. It stood at 9.45% a year ago. Its spread over the 10-year T-Note is currently 373 basis points.

Friday, February 18, 2011

A report from Vertex revealed that the average combined sales tax in the U.S. rose by one percentage point to 9.64% in 2010, according to Forbes. It is the highest level since the firm began calculating the number in 1982. Vertex tallied 542 new sales taxes or sales tax increases in 2010, compared to just 52 decreases. Since there is no federal sales tax, this is clearly a reflection of how states, counties and municipalities are struggling to raise revenue. The highest percentage increase by a state was the 19% jump in Kansas from 5.3% to 6.3%. California still has the highest state sales tax at 7.25%.