

Stock Index Performance

Index	Week	YTD	12-mo.	2010	5-yr
Dow Jones Industrial Avg. (12,044)	-0.92%	4.65%	16.55%	14.06%	4.46%
S&P 500 (1,304)	-1.21%	4.14%	15.66%	15.06%	2.50%
NASDAQ 100 (2,299)	-2.57%	3.80%	20.41%	20.15%	7.54%
S&P 500 Growth	-1.65%	2.96%	15.80%	15.09%	3.83%
S&P 500 Value	-0.77%	5.37%	15.65%	15.13%	1.09%
S&P MidCap 400 Growth	-1.67%	5.35%	27.04%	30.65%	7.38%
S&P MidCap 400 Value	-1.50%	5.26%	20.06%	22.80%	4.70%
S&P SmallCap 600 Growth	-2.23%	3.46%	24.62%	28.43%	4.88%
S&P SmallCap 600 Value	-2.28%	2.00%	16.32%	25.01%	2.92%
MSCI EAFE	-3.35%	2.07%	10.78%	7.75%	1.84%
MSCI World (ex US)	-3.28%	0.89%	12.35%	11.15%	3.89%
MSCI World	-2.42%	3.08%	13.43%	11.76%	2.25%
MSCI Emerging Markets	-2.59%	-3.50%	14.41%	18.88%	10.49%

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 03/11/11.

S&P Sector Performance

Index	Week	YTD	12-mo.	2010	5-yr
Consumer Discretionary	-0.56%	4.25%	23.61%	27.85%	4.79%
Consumer Staples	0.56%	1.32%	11.79%	14.12%	7.29%
Energy	-3.97%	10.30%	30.72%	20.46%	9.74%
Financials	0.23%	3.85%	7.33%	12.18%	-10.43%
Health Care	-1.27%	3.90%	4.08%	2.90%	2.18%
Industrials	-0.41%	5.78%	23.68%	26.74%	3.59%
Information Technology	-2.75%	3.09%	13.16%	10.22%	5.24%
Materials	-3.07%	-1.34%	20.31%	22.34%	6.51%
Telecom Services	1.07%	-1.17%	25.32%	18.97%	3.60%
Utilities	1.63%	3.92%	13.24%	5.46%	4.53%

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 03/11/11.

Bond Index Performance

Index	Week	YTD	12-mo.	2010	5-yr
U.S. Treasury: Intermediate	0.43%	0.30%	4.15%	5.29%	5.59%
GNMA 30 Year	0.35%	0.61%	5.11%	6.71%	6.45%
U.S. Aggregate	0.43%	0.58%	5.15%	6.54%	6.02%
U.S. Corporate High Yield	-0.24%	3.51%	15.16%	15.12%	9.22%
U.S. Corporate Investment Grade	0.46%	1.07%	8.06%	9.00%	6.44%
Municipal Bond: Long Bond (22+)	-0.09%	-0.38%	-1.16%	1.12%	2.44%
Global Aggregate	0.08%	0.85%	6.13%	5.55%	6.97%

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 03/11/11.

Key Rates

As of 03/11

Fed Funds	0.00-0.25%	5-yr CD	1.99%
LIBOR (1-month)	0.26%	2-yr T-Note	0.63%
CPI - Headline	1.60%	5-yr T-Note	2.04%
CPI - Core	1.00%	10-yr T-Note	3.39%
Money Market Accts.	0.61%	30-yr T-Bond	4.54%
Money Market Funds	0.03%	30-yr Mortgage	4.81%
6-mo CD	0.59%	Prime Rate	3.25%
1-yr CD	0.90%	Bond Buyer 40	5.67%

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

Market Indicators

As of 03/11

TED Spread	23 bps
Investment Grade Spread (A2)	164 bps
ML High Yield Master II Index Spread	488 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 3/02/11

Estimated Flows to Long-Term Mutual Funds

	Current Week	Previous
Domestic Equity	\$1.499 Billion	\$1.499 Billion
Foreign Equity	\$1.031 Billion	\$1.031 Billion
Taxable Bond	\$4.428 Billion	\$4.449 Billion
Municipal Bond	-\$557 Million	-\$556 Million

Change in Money Market Fund Assets

	Current Week	Previous
Retail	-\$4.44 Billion	\$4.20 Billion
Institutional	\$3.05 Billion	-\$3.64 Billion

Source: Investment Company Institute

Factoids for the week of March 7th – 11th

Monday, March 7, 2011

In 2008, the sharp spike in agriculture prices caused by increased demand, tight inventories and outright shortages led to rioting in more than 30 countries, according to *Bloomberg Businessweek*. Today, inventories are tightening once again. Corn inventories are on the cusp of reaching a 37-year low, according to the U.S. Department of Agriculture (USDA). Soybean stockpiles worldwide are approaching an 18-year low. Coffee prices just hit a 34-year high on strained inventories, particularly in South America. With the global economic recovery well underway and demand from developing countries ramping up, conditions are not likely to change in the near-term. Nearly 40 cents of an additional dollar of income will go to food in developing countries, vs. 10 cents in developed countries, according to the USDA.

Tuesday, March 8, 2011

The cost of printing paper money in the U.S. is spiking thanks to the surge in the price of cotton, which is trading at a 140-year high, according to CNNMoney.com. The paper in which the greenback is printed is comprised of 75% cotton and 25% linen, according to the U.S. Bureau of Engraving and Printing. In 2010, the cost of a single note jumped 50% to 9.6 cents from just 6.4 cents in 2008. The U.S. government produced 6.4 billion new currency notes in 2010.

Wednesday, March 9, 2011

Moody's reported that the *global speculative-grade* default rate stood at 2.8% in February, unchanged from January. The rate stood at 11.7% a year ago. Moody's is now forecasting a default rate of 1.6% by February 2012. The U.S. *speculative-grade* default rate stood at 3.0% in February, also unchanged from January. The rate stood at 12.8% a year ago. Moody's is now forecasting a default rate of 1.6% by February 2012. The default rate on senior loans stood at 2.05% in February, down from 2.18% in January, according to Standard & Poor's LCD. Loan managers expect the default rate to average around 1.87% in 2011.

Thursday, March 10, 2011

From 3/9/09 (bear market bottom) through 3/9/11, the S&P 500 gained 95.1% on a price-only basis, and 103.4% with dividends reinvested, according to Bloomberg. On a price-only basis, the current rally is about 36 percentage points below the average bull market gain of 131% since 1962, according to data from Bloomberg and Birinyi Associates. The index is trading at 15.5 times reported earnings, well below the 19.7 price-to-earnings ratio registered at the peak of the average bull market.

Friday, March 11, 2011

More than 1.4 billion mobile handsets are expected to ship in 2011, up 10% from the number of units shipped in 2010, according to *Fortune*. The fastest growing segment is smartphones, which typically sell for \$300-\$600. Ownership of smartphones among consumers in eight countries tracked by Accenture quadrupled from 8% in 2009 to 32% in 2010. The shift is big for handset manufacturers because this trend means higher profit margins moving forward, while consumers are benefiting from new features and applications. A recent Accenture mobility survey found that 79% of smartphone users would like to download coupons to their phones, and 73% would like to receive instant discounts as they pass by items in the store via Near Field Communication (NFC) technology.