

Stock Index Performance

Index	Week	YTD	12-mo.	2010	5-yr.
Dow Jones Industrial Avg. (12,681)	1.68%	11.07%	26.09%	14.06%	5.95%
S&P 500 (1,345)	2.22%	8.09%	25.45%	15.06%	3.81%
NASDAQ 100 (2,430)	3.09%	9.99%	31.45%	20.15%	11.55%
S&P 500 Growth	2.42%	10.17%	29.17%	15.09%	6.35%
S&P 500 Value	2.01%	5.96%	21.82%	15.13%	1.22%
S&P MidCap 400 Growth	1.75%	12.85%	39.82%	30.65%	10.74%
S&P MidCap 400 Value	1.46%	7.38%	27.63%	22.80%	6.15%
S&P SmallCap 600 Growth	1.56%	13.21%	39.49%	28.43%	8.39%
S&P SmallCap 600 Value	1.46%	5.99%	29.08%	25.01%	5.00%
MSCI EAFE	3.37%	5.57%	22.20%	7.75%	2.26%
MSCI World (ex US)	2.86%	4.63%	22.31%	11.15%	4.50%
MSCI World	2.72%	6.73%	24.04%	11.76%	3.18%
MSCI Emerging Markets	1.65%	1.74%	21.27%	18.88%	12.10%

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 07/22/11.

S&P Sector Performance

Index	Week	YTD	12-mo.	2010	5-yr.
Consumer Discretionary	1.90%	10.66%	34.50%	27.85%	7.29%
Consumer Staples	1.11%	9.45%	21.59%	14.12%	8.48%
Energy	3.44%	17.55%	50.08%	20.46%	9.50%
Financials	3.26%	-3.16%	7.57%	12.18%	-11.70%
Health Care	1.11%	14.21%	27.65%	2.90%	4.92%
Industrials	0.90%	6.90%	27.23%	26.74%	4.37%
Information Technology	3.66%	7.33%	22.12%	10.22%	9.41%
Materials	0.91%	5.43%	34.20%	22.34%	8.60%
Telecom Services	-0.08%	5.41%	28.67%	18.97%	5.46%
Utilities	1.42%	10.29%	16.09%	5.46%	4.25%

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 07/22/11.

Bond Index Performance

Index	Week	YTD	12-mo.	2010	5-yr.
U.S. Treasury: Intermediate	-0.19%	3.05%	3.12%	5.29%	5.96%
GNMA 30 Year	0.02%	4.13%	4.74%	6.71%	7.12%
U.S. Aggregate	-0.06%	3.68%	4.17%	6.54%	6.55%
U.S. Corporate High Yield	0.46%	6.23%	13.95%	15.12%	9.43%
U.S. Corporate Investment Grade	-0.06%	4.70%	6.51%	9.00%	7.17%
Municipal Bond: Long Bond (22+)	0.22%	7.07%	2.79%	1.12%	3.78%
Global Aggregate	0.87%	5.61%	9.09%	5.55%	7.29%

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 07/22/11.

Key Rates

As of 07/22/11				
Fed Funds	0.00-0.25%	5-yr CD		2.14%
LIBOR (1-month)	0.19%	2-yr T-Note		0.38%
CPI - Headline	3.60%	5-yr T-Note		1.50%
CPI - Core	1.60%	10-yr T-Note		2.95%
Money Market Accts.	0.60%	30-yr T-Bond		4.25%
Money Market Funds	0.02%	30-yr Mortgage		4.53%
6-mo CD	0.59%	Prime Rate		3.25%
1-yr CD	0.90%	Bond Buyer 40		5.21%

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

Market Indicators

As of 07/22/11	
TED Spread	22 bps
Investment Grade Spread (A2)	181 bps
ML High Yield Master II Index Spread	536 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 7/13/11

Estimated Flows to Long-Term Mutual Funds				
	Current Week		Previous	
Domestic Equity	-\$4.056	Billion	-\$4.471	Billion
Foreign Equity	\$648	Million	\$630	Million
Taxable Bond	\$4.823	Billion	\$6.173	Billion
Municipal Bond	\$462	Million	\$238	Million

  

Change in Money Market Fund Assets				
	Current Week		Previous	
Retail	\$3.53	Billion	-\$5.12	Billion
Institutional	-\$28.27	Billion	\$14.80	Billion

Source: Investment Company Institute

Factoids for the week of July 18th – 22nd

Monday, July 18, 2011

Investment Company Institute data shows that domestic equity mutual funds have experienced redemptions totaling an estimated \$8 billion this year through June 29, putting the category on track for an unprecedented five straight years of withdrawals, according to *Bloomberg Businessweek*. For the 10-year period ended May 31, investors withdrew \$51 billion more from this category than they deposited. For comparative purposes, international stock funds, bond funds, and ETFs took in a net \$491 billion, \$1.11 trillion, and \$870 billion, respectively, over that span. The liquidations have largely come from actively managed funds. Index funds have reported positive inflows every year since 2001, according to Morningstar. Since 2001, 56% of all actively managed diversified U.S. stock funds lagged their benchmarks.

Tuesday, July 19, 2011

Foreigners bought more U.S. stocks and bonds in May than the \$40 billion consensus forecast from economists, according to CNNMoney.com. Overseas investors purchased a net \$45 billion of U.S. securities, up from \$31 billion in April. China added another \$7 billion worth of Treasuries to its portfolio. It now owns \$1.16 trillion. Japan, which ranks second in exposure to U.S. Treasuries, now owns \$912 billion after adding \$6 billion in May. Foreign money flows to the U.S. were likely nudged higher by the sovereign debt problems in Europe.

Wednesday, July 20, 2011

Even though we are early on in the Q2 earnings season there is evidence to suggest that earnings could be stronger than expected. Companies are boosting their cash holdings at a high rate, according to S&P's Capital IQ. Thirty-six out of the 419 nonfinancial companies in the S&P 500 had reported as of July 15. On average, these companies increased their cash holdings by 9.5% from \$103.6 billion (Q1'11) to \$113.5 billion. This is encouraging news considering that S&P 500 companies have been buying back more of their stock and distributing more in dividend payments over the past 18-24 months.

Thursday, July 21, 2011

Lipper data shows that investors have poured \$42 billion into corporate bond funds so far this year, following inflows totaling \$106 billion in 2010, according to SmartMoney.com. Corporate bonds posted a record low number of downgrades and defaults in Q2'11. The number of companies at risk for downgrades fell to 451 in June, less than half of the peak in April 2009, according to Diane Vazza, head of Standard & Poor's Global Fixed Income Research. The yield on the Barclays Capital Intermediate Corporate Index closed June at 3.16%, compared to 3.57% for its GNMA 30 Index. Vazza noted that downgrades would likely increase moving forward if economic activity doesn't accelerate.

Friday, July 22, 2011

S&P 500 companies reported that 46.3% of their sales came from outside the U.S. in 2010, down slightly from 46.6% in 2009, according to Standard & Poor's. Foreign sales reached 47.9% in 2008. Sales to European countries rebounded from 25.9% of total foreign sales in 2009 to 29.1% in 2010, while sales to Asian countries decreased from 17.6% in 2009 to 13.1% in 2010. The sectors that reported foreign sales in excess of 50% were Technology (56.30% vs. 56.02% in '09) and Materials (52.46% vs. 52.06% in '09). Health Care just missed at 49.82%, but was up nicely from 47.21% in 2009.