

Stock Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Dow Jones Industrial Avg. (12,218)	-0.60%	8.41%	8.41%	8.41%	2.36%
S&P 500 (1,258)	-0.58%	2.12%	2.12%	2.12%	-0.25%
NASDAQ 100 (2,278)	-0.42%	3.69%	3.69%	3.69%	6.07%
S&P 500 Growth	-0.38%	4.70%	4.70%	4.70%	2.40%
S&P 500 Value	-0.82%	-0.48%	-0.48%	-0.48%	-2.95%
S&P MidCap 400 Growth	-0.66%	-0.95%	-0.95%	-0.95%	5.30%
S&P MidCap 400 Value	-0.53%	-2.40%	-2.40%	-2.40%	1.43%
S&P SmallCap 600 Growth	-0.94%	3.67%	3.67%	3.67%	3.92%
S&P SmallCap 600 Value	-1.17%	-1.34%	-1.34%	-1.34%	0.26%
MSCI EAFE	0.81%	-12.14%	-12.14%	-12.14%	-4.72%
MSCI World (ex US)	0.32%	-13.71%	-13.71%	-13.71%	-2.92%
MSCI World	0.06%	-5.54%	-5.54%	-5.54%	-2.37%
MSCI Emerging Markets	-1.20%	-18.42%	-18.42%	-18.42%	2.40%

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 12/30/11.

S&P Sector Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Consumer Discretionary	-0.46%	6.24%	6.24%	6.24%	2.07%
Consumer Staples	-0.38%	14.03%	14.03%	14.03%	7.64%
Energy	-0.70%	4.72%	4.72%	4.72%	4.68%
Financials	-1.26%	-17.07%	-17.07%	-17.07%	-16.83%
Health Care	-0.42%	12.77%	12.77%	12.77%	2.84%
Industrials	-0.92%	-0.59%	-0.59%	-0.59%	0.50%
Information Technology	-0.44%	2.43%	2.43%	2.43%	3.84%
Materials	-1.08%	-9.68%	-9.68%	-9.68%	1.80%
Telecom Services	0.77%	6.33%	6.33%	6.33%	1.39%
Utilities	0.40%	20.02%	20.02%	20.02%	3.71%

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 12/30/11.

Bond Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
U.S. Treasury: Intermediate	0.48%	6.57%	6.57%	6.57%	6.04%
GNMA 30 Year	0.42%	7.97%	7.97%	7.97%	6.97%
U.S. Aggregate	0.74%	7.84%	7.84%	7.84%	6.50%
U.S. Corporate High Yield	0.50%	4.98%	4.98%	4.98%	7.54%
U.S. Corporate Investment Grade	1.26%	8.15%	8.15%	8.15%	6.82%
Municipal Bond: Long Bond (22+)	0.59%	14.88%	14.88%	14.88%	4.21%
Global Aggregate	0.62%	5.64%	5.64%	5.64%	6.47%

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 12/30/11.

Key Rates

As of 12/30/11

Fed Funds	0.00-0.25%	5-yr CD	1.41%
LIBOR (1-month)	0.29%	2-yr T-Note	0.24%
CPI - Headline	3.40%	5-yr T-Note	0.83%
CPI - Core	2.20%	10-yr T-Note	1.87%
Money Market Accts.	0.46%	30-yr T-Bond	2.89%
Money Market Funds	0.02%	30-yr Mortgage	3.94%
6-mo CD	0.44%	Prime Rate	3.25%
1-yr CD	0.71%	Bond Buyer 40	4.84%

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

Market Indicators

As of 12/30/11

TED Spread	56 bps
Investment Grade Spread (A2)	269 bps
ML High Yield Master II Index Spread	726 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 12/21/11		
	Current Week	Previous
Domestic Equity	-\$2.691 Billion	-\$3.979 Billion
Foreign Equity	-\$1.882 Billion	-\$1.515 Billion
Taxable Bond	\$1.333 Billion	\$4.705 Billion
Municipal Bond	\$1.189 Billion	\$868 Million

Change in Money Market Fund Assets for the Week Ended 12/28/11		
	Current Week	Previous
Retail	-\$0.77 Billion	\$2.92 Billion
Institutional	\$3.34 Billion	\$11.29 Billion

Source: Investment Company Institute

Factoids for the week of December 26th – 30th

Monday, December 26, 2011

Christmas Holiday, Markets Closed

Tuesday, December 27, 2011

A recent survey by CouponCabin.com found that 47% of U.S. adults say they are optimistic that 2012 will be a better year for them financially than years past, according to UPI.com. Thirty-seven percent do not believe they will be better off in 2012, with the remaining 16% unsure. Here are some of the ways they intend to be proactive financially: 77% intend to cut back on unnecessary expenses; 62% intend to curb such extras as eating out or going to movies; 54% say they will create a budget and stick to it; and 54% say they will use coupons. With respect to investing, 21% plan to buy stocks.

Wednesday, December 28, 2011

The number of companies going private has slowed considerably, according to S&P's Capital IQ Global Markets Intelligence group. Only 42 transactions were announced this year, a significant decline from the 73 registered in 2010. This is the slowest pace for deals since 2002. The dollar volume is down as well. The 42 deals to date totaled less than \$50 billion, down from \$69 billion in 2010.

Thursday, December 29, 2011

In 1994, only 2% of the bonds in the JPMorgan Emerging Markets Global Diversified index were rated investment-grade (BBB and up), according to Kiplinger.com. Today, that figure is 56%. Many emerging countries have put their fiscal houses in order over the past decade. In the second half of 2011, credit rating firms downgraded the sovereign debt of the U.S., Japan and Spain. Brazil, on the other hand, received an upgrade. The disparity in risk between the debt issued by developed and developing nations is shrinking. Investors concerned about quality have more choices. The JPMorgan Emerging Markets Global Diversified index yields just under 6%, roughly four percentage points more than the yield on the 10-Year T-Note. The International Monetary Fund sees emerging nations posting GDP growth in the vicinity of 6% in 2012, compared to 2% for developed nations.

Friday, December 30, 2011

The "Dogs of the Dow" strategy, which entails buying the ten highest yielding stocks (equal-weight) in the DJIA at the start of each calendar year and then holding them through year-end, has performed quite well in 2011. Year-to-date through 12/27, nine of the ten stocks were up, with the entire basket returning 12.83% (price-only), according to Bespoke Investment Group. The other 20 stocks in the index were actually down 3.81% (price-only). The DJIA was up 6.17% (price-only).