

Stock Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Dow Jones Industrial Avg. (12,922)	-0.36%	6.37%	8.70%	8.41%	3.85%
S&P 500 (1,371)	0.14%	9.48%	6.10%	2.12%	1.72%
NASDAQ 100 (2,647)	0.21%	16.45%	15.14%	3.69%	9.47%
S&P 500 Growth	0.09%	9.13%	9.78%	4.70%	4.48%
S&P 500 Value	0.20%	9.89%	2.49%	-0.48%	-1.07%
S&P MidCap 400 Growth	0.64%	13.07%	5.45%	-0.95%	7.15%
S&P MidCap 400 Value	1.02%	11.48%	1.80%	-2.40%	2.85%
S&P SmallCap 600 Growth	1.74%	9.10%	7.08%	3.67%	5.49%
S&P SmallCap 600 Value	1.66%	10.14%	3.90%	-1.34%	2.18%
MSCI EAFE	-1.02%	9.82%	-7.78%	-12.14%	-3.16%
MSCI World (ex US)	-1.24%	11.09%	-7.27%	-13.71%	-0.99%
MSCI World	-0.45%	9.64%	-1.35%	-5.54%	-0.63%
MSCI Emerging Markets	-1.82%	15.96%	-4.31%	-18.42%	5.96%

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 3/9/12.

S&P Sector Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Consumer Discretionary	1.04%	12.72%	14.27%	6.24%	4.62%
Consumer Staples	0.71%	2.61%	14.79%	14.03%	8.14%
Energy	-0.92%	6.25%	-1.21%	4.72%	6.60%
Financials	0.20%	14.68%	-9.50%	-17.07%	-14.10%
Health Care	0.44%	5.18%	12.71%	12.77%	3.75%
Industrials	-0.33%	9.29%	1.83%	-0.59%	2.30%
Information Technology	0.13%	16.27%	13.90%	2.43%	7.49%
Materials	-1.70%	9.73%	-0.36%	-9.68%	2.36%
Telecom Services	1.12%	2.92%	9.31%	6.33%	1.50%
Utilities	0.62%	-2.11%	11.94%	20.02%	2.46%

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 3/9/12.

Bond Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
U.S. Treasury: Intermediate	-0.19%	-0.09%	6.51%	6.57%	5.74%
GNMA 30 Year	0.17%	0.49%	8.08%	7.97%	6.80%
U.S. Aggregate	-0.23%	0.65%	8.24%	7.84%	6.33%
U.S. Corporate High Yield	-0.37%	5.22%	6.43%	4.98%	8.07%
U.S. Corporate Investment Grade	-0.67%	2.46%	9.99%	8.15%	6.94%
Municipal Bond: Long Bond (22+)	-0.07%	3.84%	19.79%	14.88%	4.73%
Global Aggregate	-0.53%	0.64%	5.75%	5.64%	6.43%

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 3/9/12.

Key Rates

As of 3/9/12

Fed Funds	0.00-0.25%	5-yr CD	1.38%
LIBOR (1-month)	0.24%	2-yr T-Note	0.31%
CPI - Headline	2.90%	5-yr T-Note	0.89%
CPI - Core	2.30%	10-yr T-Note	2.02%
Money Market Accts.	0.45%	30-yr T-Bond	3.17%
Money Market Funds	0.03%	30-yr Mortgage	3.88%
6-mo CD	0.43%	Prime Rate	3.25%
1-yr CD	0.66%	Bond Buyer 40	4.61%

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

Market Indicators

As of 3/9/12

TED Spread	38 bps
Investment Grade Spread (A2)	225 bps
ML High Yield Master II Index Spread	612 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 2/29/12			
	Current Week	Previous	
Domestic Equity	-\$3.064 Billion	-\$322 Billion	
Foreign Equity	\$226 Million	\$1.131 Billion	
Taxable Bond	\$5.569 Billion	\$6.958 Billion	
Municipal Bond	\$1.128 Billion	\$1.424 Billion	
Change in Money Market Fund Assets for the Week Ended 3/7/12			
	Current Week	Previous	
Retail	-\$2.27 Billion	-\$2.72 Billion	
Institutional	-\$4.77 Billion	-\$10.38 Billion	

Source: Investment Company Institute

Factoids for the week of March 5th – 9th

Monday, March 5, 2012

The S&P 500 is up just 0.44% (price-only) to 1369.63 since its 2011 high of 1363.61 on 4/29/11. Over that 10-month span, the earnings growth rate of the constituents in the index has been more robust. As a result, the trailing 12-month P/E ratios for 10 of the 12 major sectors have gone down, according to Bespoke Investment Group. The following reflects the changes in sector P/Es (4/29/11 vs. 3/2/12): Energy (15.59 vs. 11.43); Materials (17.19 vs. 13.97); Industrials (17.87 vs. 14.80); Financials (14.67 vs. 12.35); Consumer Discretionary (17.53 vs. 16.90); Health Care (13.03 vs. 12.75); Technology (15.74 vs. 15.50); Consumer Staples (16.27 vs. 16.19); Telecommunication Services (17.96 vs. 18.29); and Utilities (13.13 vs. 13.72). The trailing 12-month P/E on the S&P 500 fell from 15.59 to 14.10.

Tuesday, March 6, 2012

A 2011 report from McKinsey Global Institute noted that the U.S. will need as many as 490,000 workers with "deep analytical" skills and an additional 1.5 million data-savvy managers by 2018, according to Bloomberg. It is believed that data mining will lead to "quite phenomenal" productivity gains as companies make better use of their information. A different study in 2011 by Erik Brynjolfsson and Heekyung Hellen Kim from MIT (Cambridge) and Lorin M. Hitt from the University of Pennsylvania found that those companies (179 publicly-traded firms analyzed) utilizing data-driven decision making were nearly 5% more productive and profitable than their competitors.

Wednesday, March 7, 2012

ETFs reported inflows totaling \$13.8 billion in February, about half of last month's \$28.0 billion "blowout" number, according to Yahoo! Finance. Total assets in ETFs rose to over \$1.2 trillion, up 13.7% (y-o-y) and up 4.4% from January. Investors are once again assuming more risk. Close to \$5.4 billion flowed into international equities in February, compared to \$142 million for U.S. equities. Nearly half of the \$4.15 billion that flowed into U.S. fixed-income ETFs went to high yield corporate bond funds.

Thursday, March 8, 2012

Moody's reported that the global speculative-grade default rate stood at 2.0% in February, no change from January, according to WSJ.com. The rate was 2.8% a year ago. Moody's is forecasting a default rate of 2.6% for December 2012. The U.S. speculative-grade default rate stood at 2.2% in February, no change from January. The rate was 3.1% a year ago. The default rate on senior loans stood at 0.62% in February, up slightly from 0.61% in January, according to Standard & Poor's LCD. The historical average by number is 3.28%.

Friday, March 9, 2012

The S&P 500 was up 7.55% (price-only) y-t-d through 3/7. Its return, while impressive, lagged all four of the BRIC countries as well as South Korea (a member of the BICK Index), according to Bespoke Investment Group. Here are their returns: Russia (+21.69%); Brazil (+15.62%); India (+10.94%); China (+8.88%); and South Korea (+8.57%). The S&P 500's return ranks 34th out of the 78 countries tracked by Bespoke. The top five performing markets were Venezuela (+36.98%), Vietnam (+26.30%), Russia (+21.69%), Romania (+21.40%) and Dubai UAE (+18.80%). The U.S. dollar was down 0.6% against a basket of major currencies (DXY Index).