

Stock Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Dow Jones Industrial Avg. (12,821)	-1.50%	5.97%	4.31%	8.41%	2.01%
S&P 500 (1,353)	-1.06%	8.44%	3.07%	2.12%	0.04%
NASDAQ 100 (2,616)	-0.82%	15.22%	10.47%	3.69%	7.40%
S&P 500 Growth	-0.94%	9.02%	6.16%	4.70%	2.98%
S&P 500 Value	-1.21%	7.76%	-0.13%	-0.48%	-2.94%
S&P MidCap 400 Growth	-0.02%	11.07%	-1.86%	-0.95%	5.15%
S&P MidCap 400 Value	-0.06%	9.36%	-1.96%	-2.40%	1.05%
S&P SmallCap 600 Growth	-0.15%	8.12%	0.26%	3.67%	3.71%
S&P SmallCap 600 Value	-0.07%	7.42%	0.76%	-1.34%	0.35%
MSCI EAFE	-2.42%	3.92%	-14.63%	-12.14%	-5.65%
MSCI World (ex US)	-2.78%	4.29%	-14.72%	-13.71%	-3.86%
MSCI World	-1.66%	6.10%	-6.33%	-5.54%	-2.76%
MSCI Emerging Markets	-4.11%	6.74%	-14.67%	-18.42%	1.89%

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 5/11/12.

S&P Sector Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Consumer Discretionary	-1.45%	13.90%	11.32%	6.24%	4.22%
Consumer Staples	-0.18%	5.41%	10.62%	14.03%	7.76%
Energy	-1.41%	-2.45%	-6.69%	4.72%	2.14%
Financials	-1.78%	14.44%	-5.78%	-17.07%	-15.07%
Health Care	0.18%	7.41%	5.87%	12.77%	2.54%
Industrials	-1.70%	6.23%	-4.02%	-0.59%	0.17%
Information Technology	-1.67%	13.83%	10.22%	2.43%	5.04%
Materials	-1.83%	5.18%	-7.23%	-9.68%	0.14%
Telecom Services	1.85%	9.11%	8.21%	6.33%	0.75%
Utilities	1.08%	0.90%	11.21%	20.02%	0.86%

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 5/11/12.

Bond Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
U.S. Treasury: Intermediate	0.15%	0.74%	5.74%	6.57%	5.79%
GNMA 30 Year	-0.05%	1.26%	6.68%	7.97%	6.81%
U.S. Aggregate	0.09%	1.74%	7.22%	7.84%	6.45%
U.S. Corporate High Yield	-0.06%	6.95%	5.92%	4.98%	8.05%
U.S. Corporate Investment Grade	-0.02%	3.94%	8.64%	8.15%	7.19%
Municipal Bond: Long Bond (22+)	0.51%	6.42%	18.04%	14.88%	5.23%
Global Aggregate	-0.31%	1.72%	3.65%	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 5/11/12.

Key Rates

As of 5/11/12

Fed Funds	0.00-0.25%	5-yr CD	1.38%
LIBOR (1-month)	0.24%	2-yr T-Note	0.26%
CPI - Headline	2.70%	5-yr T-Note	0.75%
CPI - Core	2.30%	10-yr T-Note	1.84%
Money Market Accts.	0.46%	30-yr T-Bond	3.02%
Money Market Funds	0.03%	30-yr Mortgage	3.76%
6-mo CD	0.46%	Prime Rate	3.25%
1-yr CD	0.70%	Bond Buyer 40	4.46%

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

Market Indicators

As of 5/11/12

TED Spread	37 bps
Investment Grade Spread (A2)	232 bps
ML High Yield Master II Index Spread	605 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 5/2/12

	Current Week	Previous
Domestic Equity	-\$6.604 Billion	-\$1.600 Billion
Foreign Equity	\$1.302 Billion	\$2.528 Billion
Taxable Bond	\$6.434 Billion	\$4.850 Billion
Municipal Bond	\$1.073 Billion	\$825 Million

Change in Money Market Fund Assets for the Week Ended 5/9/12

	Current Week	Previous
Retail	-\$1.26 Billion	-\$1.86 Billion
Institutional	\$2.45 Billion	-\$12.92 Billion

Source: Investment Company Institute

Factoids for the week of May 7th – 11th

Monday, May 7, 2012

EPFR Global reported that U.S. floating-rate (senior loan) funds experienced their biggest inflows in 11 months in April, according to Bloomberg. Investors funneled \$729 million into the funds, the most since \$2.0 billion in May 2011. The Standard & Poor's/LSTA U.S. Leveraged Loan 100 Index was up 5.57% year-to-date through 5/4/12, compared to 3.08% for the same period in 2011.

Tuesday, May 8, 2012

Investment Company Institute (ICI) data shows that investors have redeemed \$260 billion from funds that invest in U.S. stocks since the end of 2008, compared to over \$800 billion of net inflows to bond funds, according to USA TODAY. From 12/08-4/12, the S&P 500 posted a cumulative total return of 66.23%, nearly three times the 23.43% return posted by the Barclays Capital U.S. Aggregate Index of bonds. ICI data shows that U.S. equity funds reported net outflows in each of the last 10 weeks for which it has data (as of 4/25/12). From 2/15/12-4/25/12 (10 weeks), the S&P 500 posted a total return of 3.91%. The percentage of U.S. households that own individual stocks or stock mutual funds has declined by 13 percentage points since 2001, to 46.4% in 2011, according to the ICI.

Wednesday, May 9, 2012

Moody's reported that the global speculative-grade default rate stood at 2.6% in April, up from an upwardly revised 2.5% in March, according to Barrons.com. The rate was 2.4% a year ago. Moody's is forecasting a default rate of 3.1% for December 2012. It reiterated that most of the increase in defaults is limited to a few corporate issuers, so it continues to forecast a moderate default rate over the next year. The U.S. speculative-grade default rate stood at 3.0% in April, up from an upwardly revised 2.9% in March. The rate was 2.6% a year ago. The historical average is around 5.0%. The default rate on senior loans stood at 0.93% in April, up from 0.61% in March, according to Standard & Poor's LCD. LCD's latest quarterly buyside survey of leveraged loan managers produced an average default rate estimate of 1.6% for the end of 2012 and 2.7% for 2013. The historical average by number is 3.25%.

Thursday, May 10, 2012

The price of gold bullion fell below \$1,600.00 an ounce yesterday, closing at \$1,594.20. Its value, however, is still up 6.05% from a year ago. The U.S. dollar was up 7.15% over the past year (thru 5/9/12), as measured by the U.S. Dollar Index (DXY). Gold bullion has performed much better over the past year than the Reuters/Jefferies CRB Index of commodity prices, down 14.32%, and the Philadelphia Gold & Silver Index of miners, down 24.46%. Michael Purves, chief global strategist at Weeden & Co., noted that gold bullion just broke its 200-day moving average. The last time that happened was in the financial crisis in 2008-2009 and gold went on to double over the next four years. He believes the current climate is "eerily similar." He also believes that gold miners could participate if such a rally occurs because they are "radically" undervalued relative to gold bullion.

Friday, May 11, 2012

Chief Executive's eighth annual report on the best and worst states in which to do business was just released for 2012 and Texas was ranked #1 for the eighth time, according to ChiefExecutive.net. All of the states ranked in the top 10 and 17 of the top 20 are right-to-work states. This law secures the right of employees to choose for themselves whether or not to join or financially support a union. Currently, 23 states have passed this law. California grabbed the 50th slot (worst state) for the eighth time. The top five are as follows: Texas; Florida; North Carolina; Tennessee; and Indiana. The bottom five are as follows: Michigan; Massachusetts; Illinois; New York; and California.