

Stock Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Dow Jones Industrial Avg. (12,455)	0.73%	3.11%	3.30%	8.41%	1.16%
S&P 500 (1,318)	1.77%	5.70%	2.01%	2.12%	-0.61%
NASDAQ 100 (2,527)	1.97%	11.43%	10.49%	3.69%	6.78%
S&P 500 Growth	1.96%	6.72%	5.35%	4.70%	2.41%
S&P 500 Value	1.54%	4.48%	-1.50%	-0.48%	-3.70%
S&P MidCap 400 Growth	3.44%	7.93%	-2.57%	-0.95%	4.31%
S&P MidCap 400 Value	3.07%	5.76%	-3.02%	-2.40%	0.49%
S&P SmallCap 600 Growth	2.02%	5.21%	-0.74%	3.67%	3.05%
S&P SmallCap 600 Value	1.72%	3.76%	0.11%	-1.34%	-0.33%
MSCI EAFE	-0.37%	-2.60%	-16.60%	-12.14%	-6.90%
MSCI World (ex US)	-0.20%	-2.20%	-16.98%	-13.71%	-5.20%
MSCI World	0.92%	1.65%	-7.88%	-5.54%	-3.68%
MSCI Emerging Markets	-0.35%	-0.49%	-17.20%	-18.42%	0.16%

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 5/25/12.

S&P Sector Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Consumer Discretionary	2.94%	11.39%	11.05%	6.24%	3.54%
Consumer Staples	1.11%	5.14%	9.85%	14.03%	7.41%
Energy	1.80%	-5.23%	-10.97%	4.72%	0.76%
Financials	1.80%	8.35%	-7.77%	-17.07%	-15.92%
Health Care	0.94%	5.69%	4.76%	12.77%	1.99%
Industrials	2.38%	4.24%	-2.91%	-0.59%	-0.41%
Information Technology	1.65%	9.97%	10.28%	2.43%	4.48%
Materials	3.90%	2.12%	-9.24%	-9.68%	-0.69%
Telecom Services	0.46%	9.31%	8.84%	6.33%	0.13%
Utilities	0.89%	0.41%	11.05%	20.02%	1.42%

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 5/25/12.

Bond Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
U.S. Treasury: Intermediate	-0.06%	0.83%	5.48%	6.57%	5.90%
GNMA 30 Year	-0.03%	1.40%	6.29%	7.97%	6.94%
U.S. Aggregate	-0.18%	1.76%	6.92%	7.84%	6.58%
U.S. Corporate High Yield	-0.20%	4.97%	4.07%	4.98%	7.59%
U.S. Corporate Investment Grade	-0.40%	3.30%	7.82%	8.15%	7.23%
Municipal Bond: Long Bond (22+)	-0.17%	6.24%	16.33%	14.88%	5.35%
Global Aggregate	-0.59%	0.68%	3.14%	5.64%	6.40%

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 5/25/12.

Key Rates

As of 5/25/12			
Fed Funds	0.00-0.25%	5-yr CD	1.38%
LIBOR (1-month)	0.24%	2-yr T-Note	0.28%
CPI - Headline	2.30%	5-yr T-Note	0.75%
CPI - Core	2.30%	10-yr T-Note	1.73%
Money Market Accts.	0.45%	30-yr T-Bond	2.84%
Money Market Funds	0.03%	30-yr Mortgage	3.80%
6-mo CD	0.46%	Prime Rate	3.25%
1-yr CD	0.71%	Bond Buyer 40	4.40%

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

Market Indicators

As of 5/25/12	
TED Spread	38 bps
Investment Grade Spread (A2)	256 bps
ML High Yield Master II Index Spread	666 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 5/16/12			
	Current Week	Previous	
Domestic Equity	-\$3.446 Billion	-\$2.411	Billion
Foreign Equity	-\$117 Million	\$1.121	Billion
Taxable Bond	\$5.983 Billion	\$6.086	Billion
Municipal Bond	\$1.242 Billion	\$1.501	Billion

  

Change in Money Market Fund Assets for the Week Ended 5/23/12			
	Current Week	Previous	
Retail	\$1.83 Billion	\$0.37	Billion
Institutional	-\$0.58 Billion	-\$5.72	Billion

Source: Investment Company Institute

Factoids for the week of May 21st – 25th

Monday, May 21, 2012

Limra data shows that U.S. insurer's sales of variable annuities fell 6.8% from \$39.5 billion in Q1'11 to \$36.8 billion in Q1'12, according to LifeHealthPro.com. Fixed annuity sales declined 10.0% from \$20 billion in Q1'11 to \$18 billion in Q1'12. Total annuity sales were off 7.9% from \$59.5 billion in Q1'11 to \$54.8 billion in Q1'12. The top 20 firms accounted for 79% of sales. MetLife's \$5.5 billion in sales topped all vendors.

Tuesday, May 22, 2012

The yield on the 10-Year T-Note closed yesterday's trading session at 1.74%, well below the 2.13% dividend yield on the S&P 500. There are currently 271 stocks in the S&P 500 sporting a dividend yield above 1.74%, according to Bespoke Investment Group. One hundred and three companies in the index pay no dividend at all. While the 10-Year T-Note likely offers little in the way of upside potential at these historically low interest rate levels, the estimated earnings growth rates for the S&P 500 for 2012 and 2013 are currently 8.9% and 13.3%, respectively, according to Standard & Poor's.

Wednesday, May 23, 2012

The 2012 edition of Dalbar's Quantitative Analysis of Investor Behavior reported that the average stock fund investor lost 5.73% in 2011 even though the S&P 500 was up 2.1%, according to Rogers & Associates. Dalbar has been tracking the effects of investor decision-making in buying, selling and exchanging into and out of equity funds since 1994. It found that fear drove investors from the market in the latter part of 2011 (U.S. downgraded in August), and it proved costly. The S&P 500 posted a total return of 11.8% in Q4'11. Dalbar noted that the average equity investor underperformed the S&P 500 by an average of 4.32 percentage points per year for the 20-year period ended 2011. The annual study supports the notion that no one can consistently outperform the market by timing it.

Thursday, May 24, 2012

Banking institutions continue to recover from the financial crisis in 2008. Bank profits rose in Q1'12, reaching their highest quarterly income levels since Q2'07, according to data from the Federal Deposit Insurance Corporation (FDIC). Financial stocks peaked in the previous bull market on 2/20/07. Bank net income in Q1'12 totaled \$35.3 billion, up \$6.6 billion from Q1'11. The number of bank failures through the first 20 weeks of 2012 totaled 24, down 45% from the same period a year ago, according to the FDIC. The number of banks on the FDIC's "problem list" fell from 813 to 772 in Q1'12.

Friday, May 25, 2012

Retail investors continue to pull their money out of domestic stock funds, according to Businessweek.com. Domestic stock funds reported 13 consecutive weeks of net outflows through 5/16/12, according to the Investment Company Institute. The S&P 500 returned -0.8% over that 13-week period. Investors have pulled out \$38 billion so far in 2012 despite the fact that the S&P 500 is up 5.0%. While the S&P 500 has posted a cumulative total return of 108.5% since its 3/9/09 bottom (38.5 months), there were only nine months of positive inflows to U.S. stock funds over that span, according to the Leuthold Group.