

Stock Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Dow Jones Industrial Avg. (13,076)	1.97%	8.62%	9.25%	8.41%	2.53%
S&P 500 (1,386)	1.72%	11.54%	8.61%	2.12%	1.18%
NASDAQ 100 (2,647)	1.12%	16.86%	13.05%	3.69%	7.05%
S&P 500 Growth	1.45%	12.51%	10.14%	4.70%	3.89%
S&P 500 Value	2.06%	10.37%	6.92%	-0.48%	-1.63%
S&P MidCap 400 Growth	1.32%	9.24%	0.29%	-0.95%	5.22%
S&P MidCap 400 Value	0.74%	8.79%	3.01%	-2.40%	2.09%
S&P SmallCap 600 Growth	0.80%	9.01%	5.02%	3.67%	4.42%
S&P SmallCap 600 Value	0.44%	7.93%	5.20%	-1.34%	1.74%
MSCI EAFE	1.25%	3.23%	-13.07%	-12.14%	-5.46%
MSCI World (ex US)	1.12%	3.38%	-13.75%	-13.71%	-4.13%
MSCI World	1.53%	7.22%	-2.98%	-5.54%	-2.15%
MSCI Emerging Markets	0.56%	4.75%	-15.73%	-18.42%	-0.46%

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 7/27/12.

S&P Sector Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Consumer Discretionary	1.21%	14.35%	12.65%	6.24%	5.44%
Consumer Staples	1.69%	11.44%	18.76%	14.03%	9.34%
Energy	1.97%	2.60%	-5.99%	4.72%	1.82%
Financials	2.85%	14.74%	1.66%	-17.07%	-13.08%
Health Care	1.67%	13.44%	16.10%	12.77%	5.08%
Industrials	2.52%	8.48%	5.87%	-0.59%	-0.10%
Information Technology	0.93%	14.10%	11.89%	2.43%	4.58%
Materials	-0.83%	5.92%	-5.88%	-9.68%	0.56%
Telecom Services	3.84%	22.40%	25.45%	6.33%	3.09%
Utilities	1.05%	7.93%	17.90%	20.02%	4.47%

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 7/27/12.

Bond Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
U.S. Treasury: Intermediate	-0.25%	1.46%	4.97%	6.57%	5.74%
GNMA 30 Year	-0.08%	2.48%	6.43%	7.97%	7.15%
U.S. Aggregate	-0.30%	3.43%	7.69%	7.84%	6.84%
U.S. Corporate High Yield	0.11%	8.80%	7.46%	4.98%	9.68%
U.S. Corporate Investment Grade	-0.51%	6.95%	10.50%	8.15%	8.01%
Municipal Bond: Long Bond (22+)	0.27%	8.98%	17.03%	14.88%	5.99%
Global Aggregate	0.17%	2.34%	2.08%	5.64%	6.44%

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 7/27/12.

Key Rates

As of 7/27/12

Fed Funds	0.00-0.25%	5-yr CD	1.40%
LIBOR (1-month)	0.24%	2-yr T-Note	0.24%
CPI - Headline	1.70%	5-yr T-Note	0.66%
CPI - Core	2.20%	10-yr T-Note	1.54%
Money Market Accts.	0.49%	30-yr T-Bond	2.62%
Money Market Funds	0.03%	30-yr Mortgage	3.60%
6-mo CD	0.48%	Prime Rate	3.25%
1-yr CD	0.71%	Bond Buyer 40	4.25%

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

Market Indicators

As of 7/27/12

TED Spread	34 bps
Investment Grade Spread (A2)	224 bps
ML High Yield Master II Index Spread	622 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 7/18/12

	Current Week	Previous
Domestic Equity	\$99 Million	-\$1.467 Billion
Foreign Equity	\$542 Million	\$927 Million
Taxable Bond	\$5.114 Billion	\$5.218 Billion
Municipal Bond	\$1.346 Billion	\$1.171 Billion

Change in Money Market Fund Assets for the Week Ended 7/25/12

	Current Week	Previous
Retail	-\$2.22 Billion	-\$0.39 Billion
Institutional	\$18.38 Billion	-\$11.86 Billion

Source: Investment Company Institute

Factoids for the week of July 23rd – 27th

Monday, July 23, 2012

The National Oceanic and Atmospheric Association reported that this past June was the fourth-hottest month in the U.S. since 1880, according to MarketWatch.com. Approximately 3.1 million square miles of the U.S. is experiencing drought conditions. Fresh water is a big concern for farmers, particularly in the Midwest. Roughly 70% of all fresh water is used in agricultural production, according to United Nations water division statistics. It takes 155 gallons of fresh water to produce one pound of wheat. The Environmental Protection Agency estimates that the U.S. is in need of around \$335 billion in water infrastructure upgrades by 2027. The Congressional Budget Office estimates that water bills, including waste-water services, could approach 0.9% of household income by 2019, up from 0.5% in the late 1990s.

Tuesday, July 24, 2012

Zillow Inc. announced that home values posted their first y-o-y increase since 2007 in Q2'12, according to Bloomberg. Residential property values rose 0.2% from Q2'11. Values have risen each of the past four months. The decline in the supply of homes for sale has helped to boost prices. The combination of the rebound in housing and record-low interest rate levels has boosted the demand for subprime mortgage securities, according to Bloomberg. Subprime mortgage bonds are up 5.4% so far in July, pushing this year's gain to 21.6%, according to Barclays Plc.

Wednesday, July 25, 2012

A report (*The Global Use of Medicines: Outlook through 2016*) released in July by the IMS Institute for Healthcare Informatics revealed that annual global spending on medicines will increase from \$956 billion in 2011 to \$1.2 trillion in 2016, according to its own release. The biggest increase in demand will come from developing nations ("pharmerging markets"), with spending rising from \$194 billion in 2011 to \$345-375 billion by 2016. IMS believes the number of new drug treatments brought to market will also increase. From 2011-16, 160-185 New Molecular Entities (NMEs) are expected to launch, compared to 142 NMEs from 2007-11.

Thursday, July 26, 2012

The recently released Gartner-Forbes 2012 Board of Directors Survey found that IT spending and investing in sales operations rank as the top two priorities for the 175 board members polled, according to InfoWorld. Sixty-four percent of those polled said IT spending would rise during their companies' fiscal 2012. Nearly 90% of respondents said IT's "strategic contribution" to company operations would rise by 2014, according to Gartner. It estimates that global IT spending will rise 3% to \$3.6 trillion in 2012. That represents an upward revision from an earlier estimate calling for a 2.5% increase in spending.

Friday, July 27, 2012

A study from the Employee Benefit Research Institute found that poverty rates for people ages 65 to 74 rose from 7.9% in 2005 to 9.4% in 2009, according to MSN Money. The news gets worse as the ages rise. For retirees ages 74 to 84, 10.7% lived below the poverty line in 2009, up from 7.6% in 2005. The percentage was 14.6% for retirees over 84 years old. One of the biggest drivers of poverty is failing health and the associated medical costs. Seventy percent of retirees living in poverty have suffered acute health conditions, such as cancer or lung disease. Nearly 96% live with some sort of health condition, such as high blood pressure or arthritis.