

Stock Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Dow Jones Industrial Avg. (13,208)	0.96%	9.86%	26.61%	8.41%	2.78%
S&P 500 (1,406)	1.15%	13.29%	28.28%	2.12%	1.54%
NASDAQ 100 (2,723)	1.86%	20.38%	32.88%	3.69%	8.03%
S&P 500 Growth	0.91%	13.93%	27.97%	4.70%	4.15%
S&P 500 Value	1.45%	12.50%	28.63%	-0.48%	-1.15%
S&P MidCap 400 Growth	1.84%	10.58%	19.93%	-0.95%	5.54%
S&P MidCap 400 Value	1.87%	10.51%	25.77%	-2.40%	2.68%
S&P SmallCap 600 Growth	1.59%	10.00%	26.25%	3.67%	4.33%
S&P SmallCap 600 Value	1.84%	9.65%	28.28%	-1.34%	1.98%
MSCI EAFE	1.94%	6.84%	5.66%	-12.14%	-4.30%
MSCI World (ex US)	2.23%	7.05%	4.33%	-13.71%	-2.92%
MSCI World	1.57%	9.76%	15.76%	-5.54%	-1.40%
MSCI Emerging Markets	2.84%	9.04%	2.65%	-18.42%	1.12%

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 8/10/12.

S&P Sector Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Consumer Discretionary	0.76%	15.35%	33.43%	6.24%	5.96%
Consumer Staples	-0.38%	11.52%	29.38%	14.03%	8.83%
Energy	2.55%	5.52%	18.26%	4.72%	2.65%
Financials	0.67%	16.07%	25.39%	-17.07%	-12.87%
Health Care	0.50%	13.04%	32.42%	12.77%	4.81%
Industrials	1.36%	10.31%	28.37%	-0.59%	0.53%
Information Technology	2.25%	18.51%	31.83%	2.43%	5.61%
Materials	2.86%	8.92%	14.11%	-9.68%	1.18%
Telecom Services	0.61%	23.87%	39.81%	6.33%	3.81%
Utilities	-0.76%	6.53%	28.22%	20.02%	3.39%

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 8/10/12.

Bond Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
U.S. Treasury: Intermediate	-0.08%	1.35%	2.46%	6.57%	5.66%
GNMA 30 Year	-0.05%	2.51%	3.66%	7.97%	7.06%
U.S. Aggregate	-0.08%	3.41%	4.80%	7.84%	6.80%
U.S. Corporate High Yield	0.24%	9.94%	14.15%	4.98%	9.56%
U.S. Corporate Investment Grade	-0.01%	7.17%	7.70%	8.15%	8.10%
Municipal Bond: Long Bond (22+)	-0.11%	8.79%	13.54%	14.88%	6.28%
Global Aggregate	0.17%	2.66%	0.73%	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 8/10/12.

Key Rates

As of 8/10/12

Fed Funds	0.00-0.25%	5-yr CD	1.38%
LIBOR (1-month)	0.24%	2-yr T-Note	0.26%
CPI - Headline	1.70%	5-yr T-Note	0.71%
CPI - Core	2.20%	10-yr T-Note	1.65%
Money Market Accts.	0.49%	30-yr T-Bond	2.74%
Money Market Funds	0.03%	30-yr Mortgage	3.61%
6-mo CD	0.47%	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 8/10/12

TED Spread	33 bps
Investment Grade Spread (A2)	212 bps
ML High Yield Master II Index Spread	598 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 8/1/12

	Current Week	Previous
Domestic Equity	-\$5.678 Billion	-\$2.129 Billion
Foreign Equity	-\$1.215 Billion	-\$568 Million
Taxable Bond	\$3.943 Billion	\$4.293 Billion
Municipal Bond	\$1.129 Billion	\$1.472 Billion

Change in Money Market Fund Assets for the Week Ended 8/8/12

	Current Week	Previous
Retail	\$5.22 Billion	-\$0.58 Billion
Institutional	\$5.72 Billion	-\$3.37 Billion

Source: Investment Company Institute

Factoids for the week of August 6th – 10th

Monday, August 6, 2012

The BGOV (Bloomberg Government) Barometer shows that household debt as a percentage of gross domestic product has declined to 83.5%, the lowest level since 2004, and significantly below the all-time high of 97.7% reached during the financial crisis, according to Bloomberg. Due in part to record-low interest rate levels, the percentage of debt payments to disposable income declined from a peak of 14% to 11%, the lowest it has been since 1994.

Tuesday, August 7, 2012

Data compiled by the Rockefeller Institute shows that total state tax collections rose 4.7% (y-o-y) in Q1'12, the ninth consecutive quarter in which revenues were up, according to its own release. Eleven states reported double-digit growth. Personal income tax, sales tax and corporate income tax revenues rose 4.7%, 4.4% and 2.8%, respectively. Overall state tax revenues are now above peak levels attained several months into the recession.

Wednesday, August 8, 2012

Moody's reported that the *global speculative-grade* default rate stood at 2.8% in July, down from a revised 2.9% (up from 2.7%) in June, according to Bloomberg. The rate was 1.9% a year ago. Moody's is forecasting a default rate of 3.1% for December 2012 and 2.9% for July 2013. The historical average for the default rate on speculative-grade debt has been 4.8% since 1983. The *U.S. speculative-grade* default rate stood at 3.3% in July, up from a revised 3.2% (up from 3.1%) in June. The rate was 2.3% a year ago. The default rate on senior loans stood at 1.06% in July, down from 1.08% in June, according to Standard & Poor's LCD. Its latest quarterly buy-side survey of leveraged loan managers revealed that they expect default rates to trend higher over the next 12-18 months (1.8% or so by the end of 2012), but remain below their historical average of 3.4%.

Thursday, August 9, 2012

The average equity mutual fund investor has succumbed to chasing performance in recent decades, as documented by Dalbar's annual Quantitative Analysis of Investor Behavior. The same, however, can't be said for Exchange Traded Funds (ETFs) and Exchange Traded Products (ETPs), according to Yahoo! Finance. New research from Nick Colas, the chief market strategist at ConvergeX Group, revealed that more capital has been flowing into ETFs and ETPs with poor performance (many employ leverage) than the best performers over the past three years. There are 778 ETFs and ETPs that have been trading for at least three years. Based on average three-year cumulative returns (median was +35.6%), the top 30 products returned +142% and had combined fund flows totaling \$5.6 billion. The bottom 30 products returned -83% and had combined fund flows totaling \$14.3 billion.

Friday, August 10, 2012

S&P 500 companies reported that 46.1% of their sales came from outside the U.S. in 2011, down slightly from 46.3% in 2010, according to S&P Dow Jones Indices. Foreign sales reached a record-high of 47.9% in 2008. Sales to European countries declined from 13.5% of total foreign sales in 2010 to 11.1% in 2011. Canada accounted for 9.3% of all foreign sales, up from 4.1% in 2010. The sectors that reported foreign sales in excess of 50% were Technology (56.52% vs. 56.30% in '10), Materials (53.71% vs. 52.46% in '10) and Health Care (52.42% vs. 49.82% in '10).