Stock Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Dow Jones Industrial Avg. (13,593)	2.20%	13.46%	24.20%	8.41%	3.08%
S&P 500 (1,466)	1.99%	18.40%	26.11%	2.12%	1.97%
NASDAQ 100 (2,855)	1.09%	26.38%	28.21%	3.69%	8.23%
S&P 500 Growth	1.64%	18.66%	24.91%	4.70%	4.51%
S&P 500 Value	2.41%	18.08%	27.50%	-0.48%	-0.64%
S&P MidCap 400 Growth	1.55%	17.98%	18.59%	-0.95%	6.49%
S&P MidCap 400 Value	3.03%	18.50%	25.89%	-2.40%	3.95%
S&P SmallCap 600 Growth	1.96%	17.45%	25.82%	3.67%	5.38%
S&P SmallCap 600 Value	3.08%	19.13%	30.66%	-1.34%	3.88%
MSCI EAFE	3.71%	14.10%	17.01%	-12.14%	-3.50%
MSCI World (ex US)	3.90%	13.70%	14.23%	-13.71%	-2.37%
MSCI World	2.74%	15.96%	20.48%	-5.54%	-0.80%
MSCI Emerging Markets	4.72%	13.20%	9.33%	-18.42%	0.62%

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 9/14/12.

S&P Sector Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Consumer Discretionary	2.02%	23.40%	32.07%	6.24%	7.25%
Consumer Staples	0.06%	11.88%	20.80%	14.03%	8.62%
Energy	4.08%	11.21%	18.97%	4.72%	2.42%
Financials	3.86%	26.57%	31.89%	-17.07%	-11.56%
Health Care	0.41%	15.95%	24.45%	12.77%	4.82%
Industrials	2.08%	13.72%	24.42%	-0.59%	0.64%
Information Technology	1.62%	24.86%	31.12%	2.43%	6.21%
Materials	3.80%	15.96%	16.16%	-9.68%	2.07%
Telecom Services	0.82%	24.24%	34.30%	6.33%	3.36%
Utilities	-0.28%	3.56%	13.69%	20.02%	2.44%

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 9/14/12.

Bond Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
U.S. Treasury: Intermediate	-0.33%	1.20%	1.88%	6.57%	5.25%
GNMA 30 Year	0.09%	2.65%	3.49%	7.97%	6.74%
U.S. Aggregate	-0.40%	3.17%	4.47%	7.84%	6.38%
U.S. Corporate High Yield	1.23%	12.80%	16.75%	4.98%	9.87%
U.S. Corporate Investment Grade	-0.52%	6.98%	8.85%	8.15%	7.84%
Municipal Bond: Long Bond (22+)	-0.58%	8.53%	12.06%	14.88%	5.89%
Global Aggregate	0.44%	4.60%	3.93%	5.64%	6.37%

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 9/7/12.

Key Rates

As of 9/14/12

Fed Funds	0.00-0.25%	5-yr CD	1.37%
LIBOR (1-month)	0.23%	2-yr T-Note	0.25%
CPI - Headline	1.70%	5-yr T-Note	0.71%
CPI - Core	1.90%	10-yr T-Note	1.86%
Money Market Accts.	0.49%	30-yr T-Bond	3.08%
Money Market Funds	0.02%	30-yr Mortgage	3.52%
6-mo CD	0.47%	Prime Rate	3.25%
1-yr CD	0.73%	Bond Buyer 40	4.28%

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

Market Indicators

As of 9/14/12

TED Spread	28 bps
Investment Grade Spread (A2)	196 bps
ML High Yield Master II Index Spread	530 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 9/5/12

	Current Week		Previous	
Domestic Equity	-$2.857	Billion	-$3.707	Billion
Foreign Equity	-$225	Million	-$724	Million
Taxable Bond	$4.490	Billion	$5.557	Billion
Municipal Bond	$794	Million	$993	Million

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

	Current Week		Previous	
Retail	$0.67	Billion	-$0.71	Billion
Institutional	$7.37	Billion	-$0.16	Billion

Source: Investment Company Institute

Factoids for the week of September 10th – 14th

Monday, September 10, 2012

A recent TD Ameritrade study found that only 16% of parents expect to provide an inheritance, according to *USA TODAY*. The same study revealed that 40% of Generation Z (ages 13 to 22) believe they will receive an inheritance, so they do not see the need to save for retirement. A survey by PNC of adults with at least $100,000 in investable assets noted that 42% of those polled put saving for retirement as their primary financial goal. Many parents do not expect their children to assist them financially if they run out of money in retirement. Their biggest concern is the rising cost of health care.

Tuesday, September 11, 2012

Moody's reported that the *global speculative-grade* default rate stood at 3.0% in August, up from 2.8% in July, according to Bloomberg. The rate was 1.8% a year ago. Moody's is forecasting a default rate of 3.1% for December 2012. 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 3.5% in August, up from 3.3% in July. The rate was 2.1% a year ago. The default rate on senior loans stood at 1.21% in August, up from 1.06% in July, according to Standard & Poor's LCD. Its latest quarterly buyside survey of leveraged loan managers revealed that they expect default rates to trend higher towards 1.8% by the end of 2012, but remain below their historical average of 3.4%.

Wednesday, September 12, 2012

A recent study from Bank of America found that, for the first time since 2009, the stock shares of S&P 500 companies performed better when, in addition to beating their Q2'12 earnings estimates, they also topped their sales projections, according to WSJ.com. Companies that beat analysts' estimates on earnings and sales outperformed the S&P 500 by 4 percentage points the day following their earnings report. Companies that managed to top their sales estimates, but not earnings, outperformed by 3.1 percentage points. For the ones that only beat on earnings, their shares outperformed by 2.2 percentage points.

Thursday, September 13, 2012

While the S&P 500 is up over 14.0% so far in 2012, the index would need to rally another 10% or so to climb back to its all-time high of 1576.09 (intraday high) in 2007, according to Bespoke Investment Group. Bespoke also calculated the upside needed (as of 9/11) from each of the 10 major sectors to reach their all-time highs. Those returns are as follows (gain needed/year high was set): Consumer Discretionary (+0.28%/2012); Health Care (+0.62%/2012); Consumer Staples (+1.30%/2012); Industrials (+19.12%/2007); Utilities (+22.49%/2007); Energy (+23.34%/2008); Materials (+23.90%/2008); Technology (+100.38%/2000); Telecom Services (+118.16%/1999); and Financials (+143.07%/2007).

Friday, September 14, 2012

The first so-called "blockbuster" drug (> $1 billion in sales) occurred in 1987, according to Sarah Rickwood at IMS Management Consulting. Today, there are 116. Blockbuster drugs accounted for 36% of the global pharmaceutical market's value in 2011, up from 25% (51 products) in 2001. Rickwood's research identified a shift in the marketplace from primary care medicines to specialist-driven, high-cost specialty therapies (biologics). In 2002, 70% of all traditionally-defined blockbusters were primary care products, compared to only 44% in 2011.