

Stock Index Performance

Index	Week	YTD	12-mo.	2015	5-yr.
Dow Jones Industrial Avg. (15,974)	-1.23%	-7.99%	-8.90%	0.21%	8.13%
S&P 500 (1,865)	-0.72%	-8.51%	-8.80%	1.37%	9.30%
NASDAQ 100 (4,019)	-0.10%	-12.34%	-6.43%	9.75%	12.48%
S&P 500 Growth	-0.35%	-9.49%	-6.95%	5.51%	10.67%
S&P 500 Value	-1.10%	-7.49%	-11.01%	-3.14%	7.83%
S&P MidCap 400 Growth	-1.05%	-10.46%	-12.11%	2.01%	7.15%
S&P MidCap 400 Value	-1.57%	-8.76%	-16.58%	-6.66%	6.73%
S&P SmallCap 600 Growth	-1.04%	-11.78%	-12.03%	2.74%	8.66%
S&P SmallCap 600 Value	-1.05%	-9.67%	-15.01%	-6.70%	7.20%
MSCI EAFE	-4.72%	-12.95%	-16.02%	-0.81%	-0.04%
MSCI World (ex US)	-4.45%	-11.96%	-18.66%	-5.66%	-1.84%
MSCI World	-2.41%	-10.46%	-12.98%	-0.87%	4.24%
MSCI Emerging Markets	-3.82%	-10.37%	-25.00%	-14.92%	-5.89%
S&P GSCI	-1.32%	-9.74%	-37.83%	-32.86%	-17.07%

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 2/12/16.

S&P Sector Performance

Index	Week	YTD	12-mo.	2015	5-yr.
Consumer Discretionary	-0.60%	-10.78%	-4.76%	10.11%	13.88%
Consumer Staples	0.84%	-0.80%	3.06%	6.60%	14.17%
Energy	-0.36%	-6.57%	-27.37%	-21.12%	-3.10%
Financials	-2.31%	-14.11%	-14.60%	-1.56%	5.63%
Health Care	-0.03%	-10.61%	-7.15%	6.89%	16.96%
Industrials	-0.76%	-6.61%	-9.48%	-2.56%	8.10%
Information Technology	-0.51%	-10.29%	-7.01%	5.92%	9.82%
Materials	-1.79%	-7.98%	-19.73%	-8.38%	2.53%
Telecom Services	-1.19%	7.67%	5.05%	3.40%	9.80%
Utilities	-2.14%	5.33%	3.12%	-4.84%	11.69%

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 2/12/16.

Bond Index Performance

Index	Week	YTD	12-mo.	2015	5-yr.
U.S. Treasury: Intermediate	0.24%	2.20%	2.73%	1.18%	2.74%
GNMA 30 Year	0.05%	1.15%	2.28%	1.41%	3.53%
U.S. Aggregate	0.16%	1.78%	1.36%	0.55%	3.80%
U.S. Corporate High Yield	-1.95%	-4.61%	-10.49%	-4.47%	3.43%
U.S. Corporate Investment Grade	-0.33%	0.14%	-2.08%	-0.68%	4.69%
Municipal Bond: Long Bond (22+)	0.31%	1.78%	5.31%	4.52%	8.60%
Global Aggregate	0.83%	3.41%	1.03%	-3.15%	1.79%

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 2/12/16.

Key Rates

As of 2/12/16			
Fed Funds	0.25-0.50%	5-yr CD	1.89%
LIBOR (1-month)	0.43%	2-yr T-Note	0.72%
CPI - Headline	0.70%	5-yr T-Note	1.21%
CPI - Core	2.10%	10-yr T-Note	1.75%
Money Market Accts.	0.53%	30-yr T-Bond	2.60%
Money Market Funds	0.10%	30-yr Mortgage Refinance	3.63%
6-mo CD	0.34%	Prime Rate	3.50%
1-yr CD	1.12%	Bond Buyer 40	4.01%

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

Market Indicators

As of 2/12/16	
TED Spread	34 bps
Investment Grade Spread (A2)	244 bps
ML High Yield Master II Index Spread	859 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 2/3/16

	Current Week	Previous
Domestic Equity	\$2.313 Billion	-\$6.243 Billion
Foreign Equity	\$5.744 Billion	\$1.343 Billion
Taxable Bond	-\$5.490 Billion	-\$1.773 Billion
Municipal Bond	\$1.200 Billion	\$856 Million

Change in Money Market Fund Assets for the Week Ended 2/10/16

	Current Week	Previous
Retail	-\$1.44 Billion	-\$0.87 Billion
Institutional	\$4.60 Billion	-\$3.31 Billion

Source: Investment Company Institute.

Factoids for the week of February 8-12, 2016

Monday, February 8, 2016

The Bank of America Merrill Lynch Sell Side Indicator (SSI) currently reflects a level of bearishness close to where it was in Q2'09, according to CNBC. The SSI tracks the asset allocation recommendations of Wall Street strategists. Over the past 15 years, the average weighting in stocks has been around 60%. At the start of February, the percentage allocated to stocks was 52.1%, on average, below the 52.9% threshold that would trigger a "buy" signal. Historically, buy signals have preceded positive returns 95% of the time, with a median 12-month return of 24%. Bank of America Merrill Lynch notes that the SSI is just one of the metrics it uses to forecast the market. The firm currently has a 2,200 price target on the S&P 500 Index for the end of 2016.

Tuesday, February 9, 2016

The S&P 500 Index closed at 1,853.44 on 2/8/16, 13.02% below its all-time closing high of 2,130.82 (5/21/15), putting the index in correction territory, according to data from Bloomberg. A correction entails a price decline of at least 10% from the peak, while a bear market represents a decline of 20% or more. The index posted its first correction in four years in 2015. From 5/21/15 (2,130.82) through 8/25/15 (1,867.61), the S&P 500 Index declined by 12.35% on a price-only basis. From 8/25/15 (1,867.61) through 11/3/15 (2,109.79), the index rose by 12.97%, falling a bit short of recovering all of the losses sustained in the correction. Sam Stovall, U.S. equity strategist at S&P Global Market Intelligence, notes that the S&P 500 Index typically rebounds from a correction in four months, while a recovery from a bear market takes 14 months, on average, according to CNNMoney.

Wednesday, February 10, 2016

As the U.S. labor market strengthens, more workers are voluntarily quitting their jobs, according to Reuters. In December 2015, the number of job openings in the U.S. increased by 261,000 to a seasonally adjusted 5.61 million, according to the Job Openings and Labor Turnover Survey (JOLTS) conducted by the U.S. Labor Department. The JOLTS report noted that 3.1 million U.S. workers quit their jobs in December, the highest number since December 2006. That pushed the quits rate, which the Federal Reserve views as a measure of confidence in the jobs market, to 2.1% - the highest level since April 2008.

Thursday, February 11, 2016

The plunge in the price of crude oil since mid-2014 has been mentioned as one of the primary catalysts for the sell-off in equities. The price of crude oil peaked in 2014 at \$107.26 per barrel (closing price) on 6/20, according to Bloomberg. It closed at \$27.45 per barrel on 2/10/16, or a decline of 74.4%. Over that period, total world equity market capitalization fell from \$65.1 trillion (6/20/14) to \$56.9 trillion (2/10/16), or a decline of 12.6%, according to Bloomberg. Total U.S. equity market capitalization fell from \$23.5 trillion (6/20/14) to \$21.0 trillion (2/10/16), or a decline of 10.6%.

Friday, February 12, 2016

Moody's reported that its global speculative-grade default rate stood at 3.4% in January, according to its own release. It sees the rate increasing to 4.2% by January 2017. Moody's puts the historical average default rate at 4.2% since 1983. The U.S. speculative-grade default rate stood at 3.1% in January. It sees the rate increasing to 4.7% by January 2017. Moody's cites elevated default rates in Metals and Mining and Oil and Gas for the expected bump in defaults over the next 12 months. The default rate on senior loans stood at 1.50% in January, according to S&P Capital IQ. The historical average has been 2.80% since January 2003.