

Weekly Commentary and Statistics

As of September 7, 2010

- Equity markets came storming back in the first few days of September after an abysmal August, encouraged by economic data out of the U.S. and China. U.S. markets snapped a three-week losing streak and clawed back a good portion of August's losses as volatility declined sharply; meanwhile, Treasuries sharply sold off giving unexpected losses to the "safe" trade as investors poured back into the market. Stocks in Europe posted their biggest weekly gain since July. Though not quite as frothy, Asian markets also posted strong gains.
- Nonfarm payrolls in the U.S. fell less than forecast in August, as the private sector added more jobs than had been expected; in addition, private sector job growth for June and July was revised upward. However, an increase in labor force participation during the month nudged the unemployment rate up to 9.6%. The report is largely consistent with our expectation that private sector employment will grow slowly through the third quarter and accelerate toward year end.
- August reports from the Institute for Supply Management (ISM) were mixed. While the ISM manufacturing index rose unexpectedly, the non-manufacturing index fell more than forecast. Taken together, these reports imply that the economic recovery has begun to expand beyond manufacturing, if somewhat slowly.
- Pending home sales rose unexpectedly in July. While the index remains extremely low, the report is the first indication that home sales may start to recover from the large declines that

Global Market Returns (%)	One Week		Year to Date	
	Local	USD	Local	USD
Barclays Global Aggregate Bond Index	-0.94	0.18	16.15	4.13
MSCI EAFE Index	3.17	4.05	-1.99	-3.76
MSCI United Kingdom Index	4.34	4.11	2.76	-1.76
MSCI Europe ex-U.K. Index	3.93	5.19	0.20	-7.42
MSCI Japan Index	0.62	1.38	-8.93	0.52
MSCI AC Asia ex-Japan Index	2.31	2.92	3.17	3.88
MSCI Emerging Markets Index	2.58	3.52	2.78	3.41
JPM EMBI+ Emerging Markets Bond Index	NA	0.26	NA	12.72
NAREIT Global Real Estate Index	0.58	0.53	8.84	21.98

U.S. Market Indexes	Returns (%)			
	One Week	MTD	YTD	One Year
Dow Jones Industrial Average	2.93	4.33	0.19	11.81
S&P 500 Index	3.80	5.28	0.41	12.32
Russell 2000 Index	4.34	6.87	3.70	15.86
Russell MidCap Index	4.45	6.20	6.58	21.44
Barclays Capital U.S. Aggregate Index	-0.07	-0.64	7.14	8.18
Barclays Capital High Yield Bond Index	3.35	4.46	18.58	6.60

S&P 500 Sector Returns				
Consumer Discretionary	5.18	6.86	9.02	26.70
Consumer Staples	2.31	2.94	4.58	14.33
Energy	3.72	5.55	-4.16	7.70
Financials	5.70	7.10	1.46	4.30
Health Care	2.21	3.78	-5.50	5.65
Industrials	4.72	6.76	8.63	23.37
Materials	4.24	5.35	0.38	13.65
Technology	3.50	5.36	-6.10	10.25
Telecom	2.09	2.19	4.72	19.13
Utilities	1.64	2.66	4.05	14.59

U.S. Returns by Style					
One Week (%)		Year to Date (%)		One Year (%)	
Large Value	Large Growth	Large Value	Large Growth	Large Value	Large Growth
4.0	3.7	2.1	-0.5	13.0	13.1
Mid Value	Mid Growth	Mid Value	Mid Growth	Mid Value	Mid Growth
4.5	4.4	7.8	5.3	22.6	20.3
Small Value	Small Growth	Small Value	Small Growth	Small Value	Small Growth
4.3	4.4	3.8	3.5	15.7	16.0

Large Value: Russell 1000 Value
 MidCap Value: Russell MidCap Value
 Small Value: Russell 2000 Value

Large Growth: Russell 1000 Growth
 MidCap Growth: Russell MidCap Growth
 Small Growth: Russell 2000 Growth

Source: FactSet, Bloomberg

followed the expiration of the home buyer tax credit.

- European Central Bank (ECB) head Trichet offered a slightly more upbeat perspective on the euro zone economy. Still, the ECB extended at least through mid-January its low-rate, short-term funding program for banks in the region.
- Japanese authorities announced a number of measures intended to rein in the disturbingly strong yen (now at 15-year highs) and stimulate its moribund economy (which grew only 0.1% in the second quarter). The steps, which include an increase in the amount of low-rate loans to banks, were viewed by most observers as insufficient.
- China reported an increase in its purchasing managers index for the first time in four months. Meanwhile, Australia reported its highest quarterly GDP growth in three years, as its economy expanded 1.2% in the second quarter.

Index Definitions

Barclays Capital Global Aggregate Bond Index measures a wide range of global government, government-related, corporate and securitized fixed-income investments, all with maturities greater than one year.

Barclays Capital High-Yield Bond Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

Barclays Capital U.S. Aggregate Index is a bond market index composed of US securities in Treasury, Government-Related, Corporate, and Securitized sectors that are of investment-grade quality or better, have at least one year to maturity, and have an outstanding par value of at least \$250 million.

Dow Jones Industrial Average is a price-weighted average computed from the stock prices of 30 of the largest and most widely held public companies in the United States, adjusted to reflect stock splits and stock dividends.

FTSE EPRA/NAREIT Global Real Estate Index represents general performance trends of the equity securities of real estate companies involved in the ownership, disposition and development of income-producing properties worldwide.

JPMorgan Emerging Markets Bond Index Plus (EMBI+) tracks total returns for traded foreign currency denominated debt instruments in the emerging markets which meet minimum criteria for face value outstanding and market trading liquidity.

MSCI EAFE Index is a free float-adjusted market capitalization weighted index designed to measure developed markets' equity performance, excluding the US & Canada, for 21 countries.

MSCI Europe ex-U.K. Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of the 15 developed European markets except the United Kingdom.

Bond Rates (%)	As of			
	9/3/2010	8/27/2010	12/31/2009	9/3/2009
U.S. Federal Funds Target Rate	0.25	0.25	0.25	0.25
U.S. Two-Year Treasury Yield	0.51	0.56	1.14	0.90
U.S. Ten-Year Treasury Yield	2.71	2.65	3.84	3.33
U.S. Ten-Year Muni Yield	2.62	2.61	3.05	3.09
High Yield (Merrill U.S. Corporates)	7.93	8.04	8.63	10.45
Commodity Prices				
Gold (USD/oz)	1251.10	1237.90	1096.20	997.70
Crude Oil (USD/bbl)	74.60	75.17	79.36	67.96
Gasoline (USD/gal)	1.92	1.91	2.05	1.79
Copper (USD/lb)	350.00	338.45	338.20	284.10
Exchange Rates				
\$ per €	1.29	1.27	1.43	1.43
\$ per £	1.54	1.55	1.61	1.63
¥ per \$	84.35	84.98	93.10	92.53

Source: FactSet, Bloomberg

MSCI U.K. Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of listed common stocks in the United Kingdom.

MSCI Asia ex-Japan Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of the 15 developed Asian markets except Japan.

MSCI Japan Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of listed common stocks in Japan.

MSCI Emerging Markets Index is a free float-adjusted market capitalization index that measures emerging market equity performance of 22 countries.

Municipal Bond Index is a bond index that includes investment-grade, tax-exempt fixed-rate bonds with long-term maturities (greater than two years) selected from issues larger than \$50 million.

NASDAQ Composite Index is a market capitalization weighted index of the performance of domestic and international common stocks listed on The Nasdaq Stock Market including over 2,800 securities.

Russell 1000 Growth Index measures the large-cap growth segment of the U.S. equity market including Russell 1000 companies with higher price-to-book ratios and forecasted growth.

Russell 1000 Value Index measures the large-cap value segment of the U.S. equity market including Russell 1000 companies with lower price-to-book ratios and lower expected growth.

Russell Midcap Growth Index measures the performance of the mid-cap growth segment of the U.S. equity market including Russell Midcap Index companies with higher price-to-book ratios and forecasted growth.

Russell Midcap Value Index measures the performance of the mid-cap value segment of the U.S. equity market including Russell Midcap Index companies with lower price-to-book ratios and forecasted growth.

Russell 2000 Growth Index measures the performance of small-cap growth stocks in the U.S. equity market including Russell 2000 companies with higher price-to-value ratios and forecasted growth.

Russell 2000 Value Index measures the performance of small-cap value stocks in the U.S. equity market including Russell 2000 companies with lower price-to-value ratios and forecasted growth.

S&P 500 Index is a widely regarded as the best single gauge of the U.S. equities economy, including 500 leading companies in major industries of the U.S. economy.

S&P 500 Sectors are defined as the GICS (Global Industry Classification Standard) sectors which provide standardized industry definitions consisting of 10 sectors, 24 industry groups, and 68 industries.

Economic Release Calendar

Source: Bloomberg

Monday August 30	Tuesday August 31	Wednesday September 1	Thursday September 2	Friday September 3
Various Confidence Measures (August) Euro Zone Personal Consumption Expenditures (July) U.S. Dallas Fed Manufacturing Activity (August) U.S. GfK Consumer Confidence (August) U.K. Purchasing Managers Indexes (August) Japan Retail Trade (July) Japan	CPI (August) Euro Zone Unemployment (July) Euro Zone S&P/Case-Shiller Home Price Index (June) U.S. FOMC Meeting Minutes U.S. Purchasing Managers Indexes (August) China	Purchasing Managers Indexes (August) U.K. ADP Employment Change (August) U.S. ISM Manufacturing (August) U.S.	Producer Price Index (July) Euro Zone GDP (2Q10) Euro Zone European Central Bank announcement Euro Zone Factory Orders (July) U.S.	Unemployment Rate U.S.

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