

MARKET INSIGHTS

Weekly Market Recap January 9, 2012

Headlines

- ECB overnight deposits hit an all-time high.

Economic News

- Both ISM surveys were better than expected.
- Vehicle sales came in at 13.5 million annualized.
- The unemployment rate fell to 8.5%.
- Next Week: Consumer Credit, Retail Sales, Int'l Trade.

Thought of the Week

The December Employment Report was better than expected, with 200,000 jobs added overall and the unemployment rate falling to 8.5%. Additionally, the past five years of data was revised, with the most recent peak in unemployment revised down to 10.0%. Although the public sector continues to shed jobs, private sector payrolls rose 212,000, the average hourly work week rose 0.1, and the number of employed persons according to the household survey rose 176,000. The increase in the average work week and the number of people employed may have been slightly helped by better than normal weather in December; 127,000 people were unable to get to work due to bad weather last month, the lowest December reading since 2004. Today's employment report is the strongest confirmation yet that the economy strengthened in 4Q11, and although plenty of risks remain, the U.S. economy clearly entered 2012 with positive momentum.

Question of the week:

What was the unemployment rate in December 2011 for people with a college degree or greater?

Prior week's question:

What was the lowest closing level of the yield on 10-year U.S. Treasury bonds in 2011?

Answer to prior week's question:

In 2011, the lowest closing yield on the 10-year U.S. Treasury was 1.72%.

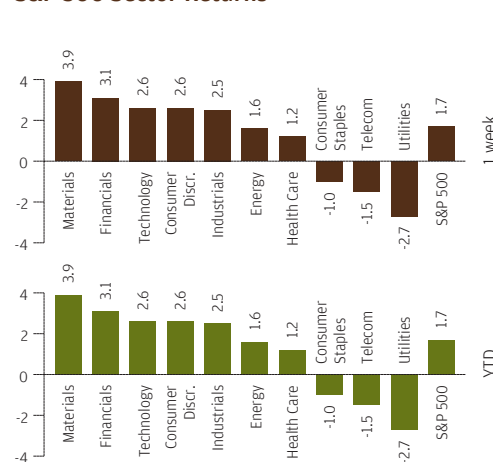
Index Levels	Friday Close 1/6/12	Prior Week 12/30/11	Year End 12/30/11	Year Ago 1/6/11
Dow Jones 30	12,360	12,218	12,218	11,697
S&P 500	1,278	1,258	1,258	1,274
Nasdaq	2,674	2,605	2,605	2,710
Russell 2000	750	741	741	791

Bond Rates

	Friday Close 1/6/12	Prior Week 12/30/11	Year End 12/30/11	Year Ago 1/6/11
Fed Funds Target	0.25	0.25	0.25	0.25
2 Year Treasury	0.26	0.24	0.24	0.68
10 Year Treasury	1.96	1.87	1.87	3.42
10 Year Municipal	2.41	2.45	2.45	3.76
High Yield	8.06	8.36	8.36	7.25

Market Returns	1 week		YTD	
	Local	USD	Local	USD
S&P 500	1.67	1.67	1.67	1.67
MSCI - EAFE	0.70	-0.40	0.70	-0.40
United Kingdom	1.41	0.54	1.41	0.54
Europe ex-UK	0.38	-1.63	0.38	-1.63
Japan	0.09	-0.13	0.09	-0.13
Asia ex-Japan	0.99	0.86	0.99	0.86

S&P 500 Sector Returns



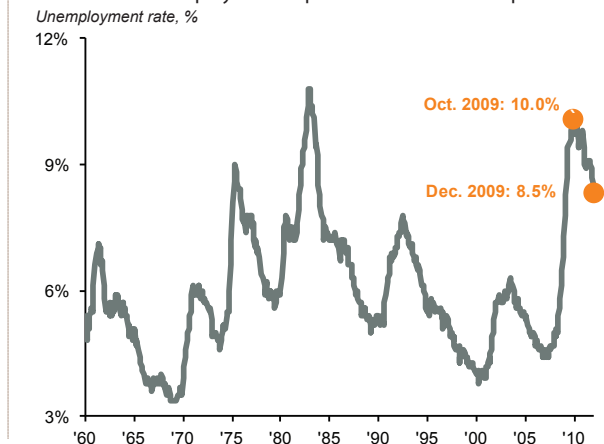
Style Returns

	V	B	G
L	1.7	1.7	1.7
M	1.3	1.5	1.7
S	1.4	1.2	1.0

	V	B	G
L	1.7	1.7	1.7
M	1.3	1.5	1.7
S	1.4	1.2	1.0

Chart of the Week

The December Employment Report Was Better Than Expected



Consumer Rates	Friday Close 1/6/12	Prior Week 12/30/11	Year End 12/30/11	Year Ago 1/6/11
6 Month CD	0.64	0.67	0.64	0.41
30 Year Mortgage	4.07	4.10	4.07	4.82
Prime Rate	3.25	3.25	3.25	3.25

Commodities

	Friday Close 1/6/12	Prior Week 12/30/11	Year End 12/30/11	Year Ago 1/6/11
Gold	1616.50	1531.00	1531.00	1368.50
Crude Oil	101.56	98.83	98.83	88.38
Gasoline	3.30	3.26	3.26	3.07

Currency

	Friday Close 1/6/12	Prior Week 12/30/11	Year End 12/30/11	Year Ago 1/6/11
\$ per £	1.54	1.55	1.55	1.55

Index Characteristics	P/E Forward	P/E Trailing	Dividend Yield	Wtd Avg Mkt Cap (billions)
S&P 500	12.36	14.50	2.19	96.95
Russell 1000 Value	11.37	13.33	2.64	74.53
Russell 1000 Growth	13.90	15.90	1.62	98.51
Russell 2000	17.64	23.02	1.46	1.24

Chart of the Week: Source: BLS, J.P. Morgan Asset Management.

Thought of the Week: Source: BLS, J.P. Morgan Asset Management.

Question of the Week: Source: BLS, J.P. Morgan Asset Management.

Market Returns: All data represents total return including the reinvestment of dividends for stated period. Index: MSCI – EAFE; provided by: MSCI – gross official pricing. Index: UK; provided by: MSCI – gross official pricing. Index: Europe ex-UK; provided by: MSCI – gross official pricing. Index: Japan; provided by: MSCI – gross official pricing. Index: Asia ex-Japan; provided by: MSCI – gross official pricing. Index: S&P 500 Index; provided by: IDC.

(MSCI EAFE is a Morgan Stanley Capital International Index that is designed to measure the performance of the developed stock markets of Europe, Australia, and the Far East).

Dow Jones-UBS Commodity Index (DJ-UBSCI) is a broadly diversified index composed of futures contracts on physical commodities. The index is designed to minimize concentration in any one commodity or sector. It includes 19 commodity futures in five groups.

Bond Rates: Fed Funds Target, EcoWin; 2 Year Treasury, IDC; 10 Year Treasury, IDC; 10 Year Muni, Barclays Capital; High Yield, Barclays Capital High-yield Index.

Consumer Rates: 6 Month CD, Federal Reserve; 30 Year Mortgage, Mortgage Bankers Association (MBA); Prime Rate: Federal Reserve.

Commodities: Gold, EcoWin; Crude Oil (WTI), EcoWin; Gasoline, EcoWin.

Currency: Dollar per Pound, IDC; Dollar per Euro, IDC; Yen per Dollar, IDC.

Index Price Levels: Reflects closing price level for each index as of stated date. Dow Jones Industrial 30 (The Dow Jones is a price-weighted index composing of 30 widely-traded blue chip stocks.): IDC, S&P 500 Index (The S&P 500 Index is widely regarded as the best single gauge of the U.S. equities market, this world-renowned index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. Although the S&P 500 focuses on the large-cap segment of the market, with approximately 75% coverage of U.S. equities, it is also an ideal proxy for the total market.): IDC, NASDAQ Composite Index (The NASDAQ Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange.): IDC, Russell 2000 Index: IDC. Indexes are not available for direct investment.

S&P Index Characteristics: Trailing P/E price is provided by Factset Pricing database while trailing earnings is provided by Compustat. Dividend Yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted Harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Marketcap is a bottom-up weighted average based on share information from Compustat and Price information from FactSet's Pricing database as provided by Standard & Poor's.

Russell 1000 Value Index, Russell 1000 Growth Index, and Russell 2000 Index Characteristics: Trailing P/E is provided directly by Russell. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Marketcap is a bottom-up weighted average based on share information from Compustat and Price information from FactSet's Pricing database as provided by Russell.

Sector Returns: Sectors are based on the GICS Classification model. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends.

Style Returns: Style box returns based on Russell Indexes with the exception of the Large-Cap Blend box, which reflects the S&P 500 Index. All values are cumulative total return for stated period including the

reinvestment of dividends. The Index used from L to R, top to bottom are: S&P 500 Index (Index represents the 500 Large Cap portion of the stock market, and is comprised of 500 stocks as selected by the S&P Index Committee), Russell 1000 Value Index (Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values), Russell 1000 Growth Index (Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values), Russell Mid Cap Value Index (Measures the performance of those Russell Mid Cap companies with lower price-to-book ratios and lower forecasted growth values), Russell Mid Cap Index (The Russell Midcap Index includes the smallest 800 securities in the Russell 1000), Russell Mid Cap Growth Index (Measures the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values), Russell 2000 Value Index (Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values), Russell 2000 Index (The Russell 2000 includes the smallest 2000 securities in the Russell 3000), Russell 2000 Growth Index (Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values).

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Unless otherwise stated, all data is as of January 6, 2012 or as of most recently available.