

MARKET INSIGHTS

Weekly Market Recap February 6, 2012

Headlines

- The Senate approved a bill banning insider trading by Congress.

Economic News

- Personal income rose more than expected.
- Both ISM surveys continue to indicate expansion.
- Jobless claims fell to 367,000.
- Unemployment Rate: 8.3%; Private Payrolls: +257K.
- Next Week: International Trade, Consumer Sentiment.

Thought of the Week

Initial survey reports for 2012 show that the U.S. manufacturing sector expanded for the 30th consecutive month in January and the downturn in Eurozone manufacturing may be easing. Manufacturing outside the U.S. slowed materially toward the end of 2011, but as the effects of inventory adjustments and flooding in Thailand fade, global manufacturing has picked back up, expanding for the second consecutive month in January. Weakness in European final sales will likely continue to be a drag on the region's output, but the resiliency seen elsewhere around the world, and the U.S. in particular, bode well for continued global economic growth in the year ahead.

Question of the week:

The January employment report showed that there were 12.8 million unemployed people; when was the last time the number of unemployed people was this low?

Prior week's question:

Last week, the Federal Reserve published an inflation target for the first time; what is the Fed's target PCE inflation level?

Answer to prior week's question:

The Fed's target PCE inflation level is 2% year-over-year; while a 2% target has long been assumed, the FOMC has finally provided a specific target rate to help guide the direction of monetary policy.

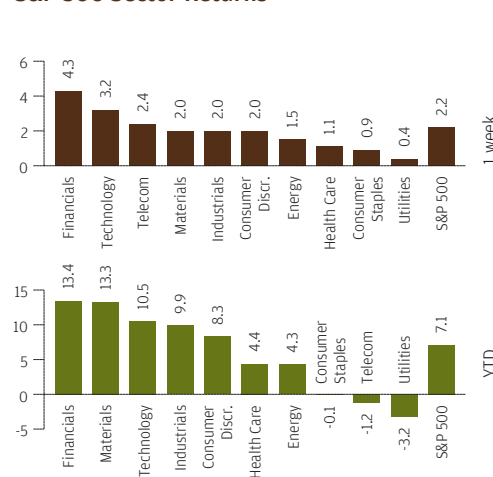
Index Levels	Friday Close 2/3/12	Prior Week 1/27/12	Year End 12/30/11	Year Ago 2/3/11
Dow Jones 30	12,862	12,660	12,218	12,062
S&P 500	1,345	1,316	1,258	1,307
Nasdaq	2,906	2,817	2,605	2,754
Russell 2000	831	799	741	799

Bond Rates

	Friday Close 2/3/12	Prior Week 1/27/12	Year End 12/30/11	Year Ago 2/3/11
Fed Funds Target	0.25	0.25	0.25	0.25
2 Year Treasury	0.24	0.22	0.24	0.70
10 Year Treasury	1.95	1.90	1.87	3.54
10 Year Municipal	2.26	2.30	2.45	3.97
High Yield	7.39	7.50	8.36	6.94

Market Returns	1 week		YTD	
	Local	USD	Local	USD
S&P 500	2.22	2.22	7.11	7.11
MSCI - EAFE	1.87	2.27	6.69	8.38
United Kingdom	2.89	3.76	5.85	7.61
Europe ex-UK	3.15	3.18	8.39	9.83
Japan	-0.11	0.08	4.35	4.83
Asia ex-Japan	0.92	1.70	8.65	12.10

S&P 500 Sector Returns



Style Returns

	V	B	G
L	2.3	2.2	2.4
M	2.4	2.6	2.8
S	4.0	4.1	4.1

	V	B	G
L	6.7	7.1	8.6
M	8.2	9.5	10.8
S	11.7	12.2	12.8

Chart of the Week

Manufacturing Has Gotten Off to a Decent Start in 2012
Eurozone and Global Manufacturing PMIs, ISM Manufacturing Index

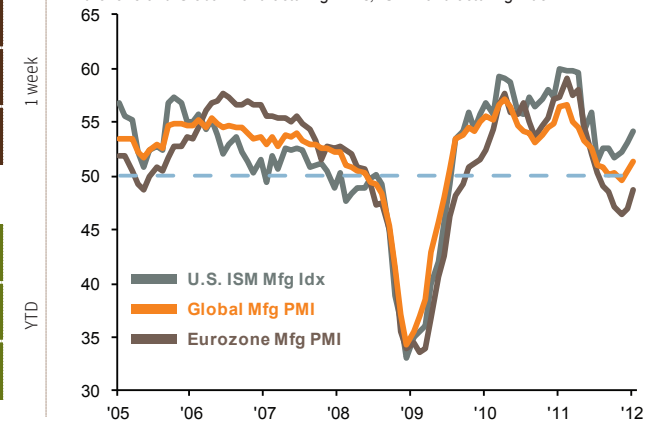


Chart of the Week: Source: Markit, ISM, J.P. Morgan Asset Management.

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

Question of the Week: Source: Federal Reserve, 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 February 3, 2012 or as of most recently available.