

S&P 500® January Price Return: -3.70%

S&P SmallCap 600® January Price Return: -3.45%

The Market

S&P 500

The market began 2010 with a six-day rally (the record is 7 days in 1987) until into the arms of volatility it fell. Over the following five days (days 10 through 14), the market moved at least 1% on higher volume. Later in January, three consecutive days of declines produced a 5.08% loss for the S&P 500, and saw the VIX jump from 17.58 to 27.31. The VIX settled the month at 24.66. The largest daily downturn, however, was the 2.21% decline on January 22nd, which, when compared to 2009 at this time, is mild.

The S&P 500 finished January down 3.70%, its second monthly loss (October 2009 at -1.98%) since the March 2009 recovery. The index is still 58.73% up from its March low, however. Of the 82 Januarys in the history of S&P 500 from 1929, 52 have been positive and 29 have been negative. Of the 52 January gains, 42 were positive for the entire year and 9 were down (1947 was flat). Of the 29 Januarys that were down, 18 were down for the year and 11 were up. The result is that 60 of the 81 (74.1%) Januarys in the index's history ended the full year in the same direction as it opened, and 21 did not (25.9%).

Nine of the ten sectors were down in January, with Health Care posting the only sector gain for the month, at +0.42%. Telecommunications was the sector that was down the most in January, with a 9.32% decline. T, which represents 52% of the sector, was down 9.53% for the month. One-year returns remain strongly positive for eight of the ten sectors, with Telecommunications and Utilities showing mild single-digit gains of +4.62% and +2.19%, respectively.

S&P SmallCap 600

The S&P SmallCap 600 started 2010 with a broad 2.11% advance. Unfortunately, that was the best day of the month for the index. As uncertainty set in with low volume, an upward seesaw period pushed the S&P SmallCap 600 up 3.42% by January 19th, to a market level not seen since October 1, 2008. From there, however, the markets turned negative due to a combination of domestic banking and tax issues, as well as global concerns over China pulling back on its lending. From January 19th on, the index declined 6.64% to post a 3.45% loss for the month; its second monthly loss (October 2009 at -5.79%) since the market recovery started in March 2009. Just as the opening gain was broad, the monthly loss was broad as well with just 188 issues up for the month averaging +9.57%, compared to 536 issues up in December 2009 averaging +10.38%, and 408 issues declining with an average of 7.91% in January versus 63 decliners averaging 5.14% in December 2009.

All ten sectors within the S&P SmallCap 600 were in the red for the month, with Telecommunications declining another 16.73% for a one-year decline of 43.06%. For the year, the other nine sectors remain positive. Of greater concern this month was Information Technology, which declined 6.59% due to concerns regarding sales and growth for 2010 – the sector makes up 17.23% of the index.

Percent Price Change: S&P 500

	JANUARY 2010	3-MONTHS 10/30/2009	YTD 1/30/2009	1-YEAR 1/31/2008	5-YEARS 1/31/2005	FROM 3/24/2000	10-YEARS ANNUALIZED
S&P 500	-3.70%	3.64%	30.03%	-22.10%	-9.09%	-29.70%	-2.58%
Consumer Discret	-2.95%	8.07%	50.70%	-10.93%	-14.63%	-20.06%	-1.83%
Consumer Staples	-1.25%	1.86%	18.93%	-4.47%	13.07%	62.68%	3.40%
Energy	-4.51%	-2.76%	9.74%	-23.57%	38.48%	96.10%	6.97%
Financials	-1.48%	1.00%	53.98%	-51.01%	-52.46%	-42.89%	-4.77%
Health Care	0.42%	11.56%	19.10%	-6.64%	7.26%	13.61%	0.50%
Industrials	-1.21%	8.57%	32.64%	-29.09%	-14.79%	-11.99%	-0.34%
Info Technology	-8.45%	1.50%	51.05%	-5.76%	8.69%	-65.39%	-7.57%
Materials	-8.66%	3.13%	43.00%	-26.82%	2.84%	33.80%	2.61%
Telecomm Svc	-9.32%	0.88%	4.64%	-31.44%	-12.86%	-67.16%	-10.38%
Utilities	-5.10%	4.01%	2.19%	-25.43%	3.89%	1.43%	-0.50%

Percent Price Change: S&P SmallCap 600

	JANUARY 2010	3-MONTHS (10/31/2009)	1-YEAR (1/31/2009)	2-YEAR (1/31/2008)	3-YEAR (1/31/2007)	FROM 10/9/2002	FROM 3/24/2000
S&P 600	-3.45%	7.38%	37.05%	-14.48%	-21.29%	88.10%	46.55%
Energy	-5.26%	3.74%	60.59%	-9.71%	1.62%	303.66%	302.64%
Materials	-8.01%	7.88%	62.65%	-24.88%	-28.20%	120.60%	77.72%
Industrials	-4.88%	4.64%	27.30%	-16.83%	-15.91%	116.51%	78.66%
Consumer Discret	-1.51%	7.41%	71.32%	-14.55%	-37.70%	38.20%	43.04%
Consumer Staples	-2.97%	7.97%	43.49%	22.40%	14.87%	119.80%	197.26%
Health Care	-1.41%	12.09%	29.63%	-9.55%	-3.01%	114.02%	119.27%
Financials	-0.17%	9.74%	18.29%	-35.00%	-50.98%	-1.04%	37.27%
Info Technology	-6.59%	5.83%	50.75%	-7.81%	-10.25%	115.33%	-45.84%
Telecomm Svc	-16.72%	-3.95%	-43.06%	-75.88%	-85.81%	-72.04%	-98.22%
Utilities	-3.88%	4.71%	1.63%	-4.61%	-7.29%	87.29%	109.23%

Breadth

Monthly Breadth: S&P 500

PERIOD	UP ISSUES	UNCHANGED ISSUES	DOWN ISSUES	AVERAGE % CHANGE	TOP 10 BY MKT VAL % AVG CHG	TOP 50 BY MKT VAL % AVG CHG	S&P 500 % CHANGE
Jan,'10	133	1	366	-3.16	-2.62	-2.89	-3.70
Dec,'09	377	0	123	4.63	-0.16	0.75	1.78
Nov,'09	403	2	95	5.19	5.65	6.29	5.74
Oct,'09	162	0	338	-3.52	-0.22	-0.65	-1.98

Monthly Breadth: S&P SmallCap 600

PERIOD	AVERAGE % CHANGE	UP ISSUES	AVERAGE % CHANGE	DOWN ISSUES	AVERAGE % CHANGE	TOP 100	BOTTOM 100	S&P 600 % CHANGE
Jan,'10	-2.38	188	9.57	408	-7.91	-3.02	-1.25	-3.45
Dec,'09	8.73	536	10.38	63	-5.14	9.73	8.78	8.49
Nov,'09	2.59	346	9.35	254	-6.61	4.48	-0.50	2.53
Oct,'09	-7.13	134	6.84	466	-11.14	-3.03	-15.79	-5.79

Earnings

S&P 500

With 214 issues (56.2% of the market value) reported, earnings on a weighted basis are running well above expectations, and are drastically better than the Q4 2008 comparisons – a quarter which posted the worst earnings in S&P 500 history. Sales in aggregate are running 4.1% ahead of estimates and 6.5% above Q4 2008. However, ex the Financials sector, sales are only up 2.6% from estimates and 3.3% from Q4 2008. Operating margins are high again at 8.09%, with S&P's full quarter estimate at 7.22%, as slow growth is offset by prior cost cutting to produce a bottom-line improvement. As Reported margins are at 7.15%, and are expected to decline to 6.45% as some unusual items are posted. Overall, however, the numbers show continued bottom-line improvement but a much slower top-line advance. For the recovery to continue, sales will need to increase.

To date, 75.6% of the issues have beaten their estimated sales, with 57.9% beating last year's sales, and 48.3% beating both. 71.8% of the issues have beaten their estimated Operating EPS, with 65.6% beating last year's EPS, and 46.7% doing both.

S&P SmallCap 600

Price-to-earnings ratios were high based on 2009 EPS. EPS ratios were more moderate when based on 2010, however, reflecting the expected 81% gain in 2010 over 2009 after a 4% decline over 2008 and a 46% decline in 2007.

Operating EPS Change: S&P 500

QUARTERTLY CHANGE	Q2 2009 OVER Q2 2008	Q3 2009 OVER Q3 2008	Q4 2009 OVER Q4 2008	Q1 2010 OVER Q1 2009
S&P 500	-18.85%	-1.12%	17966.84%	69.56%
Consumer Discretionary	65.35%	157.35%	1019.15%	676.41%
Consumer Staples	8.11%	4.62%	8.62%	9.24%
Energy	-66.26%	-71.39%	49.80%	1621.39%
Financials	196.09%	124.71%	112.56%	439.59%
Health Care	4.13%	10.11%	19.56%	10.55%
Industrials	-37.18%	-40.63%	-19.67%	10.31%
Information Technology	-20.55%	3.03%	122.00%	73.09%
Materials	-64.80%	-33.90%	142.73%	143.17%
Telecommunication Services	-16.41%	-10.58%	-2.30%	-4.20%
Utilities	-5.93%	-4.99%	6.85%	9.58%

Operating EPS Change: S&P SmallCap 600

QUARTERTLY CHANGE	Q2 2009 OVER Q2 2008	Q3 2009 OVER Q3 2008	Q4 2009 OVER Q4 2008	Q1 2010 OVER Q1 2009
S&P SmallCap600	-57.13%	-35.55%	493.88%	429.73%
Consumer Discretionary	-59.66%	358.06%	329.84%	281.99%
Consumer Staples	11.56%	29.63%	-20.91%	-15.48%
Energy	-67.30%	-81.54%	120.96%	318.75%
Financials	-150.98%	-402.69%	118.69%	170.44%
Health Care	-1.77%	31.90%	10.66%	19.31%
Industrials	-45.62%	-32.85%	9.16%	55.84%
Information Technology	-95.01%	-1.50%	1085.37%	410.76%
Materials	-39.48%	-12.02%	181.71%	31381.27%
Telecommunication Services	-102.48%	-75.38%	113.10%	-51.93%
Utilities	0.32%	-42.44%	11.48%	11.83%

Returns

Monthly Returns: S&P 500

MONTH OF	PRICE CLOSE	PRICE CHANGE	1 MONTH % CHANGE	3 MONTH % CHANGE	6 MONTH % CHANGE	1 YEAR % CHANGE
01/2010	1073.87	-41.23	-3.70%	3.64%	8.75%	30.03%
12/2009	1115.10	19.47	1.78%	5.49%	21.30%	23.45%
11/2009	1095.63	59.44	5.74%	7.35%	19.20%	22.25%
10/2009	1036.19	-20.88	-1.98%	4.93%	18.72%	6.96%
09/2009	1057.08	36.45	3.57%	14.98%	32.49%	-9.37%
08/2009	1020.62	33.14	3.36%	11.04%	38.84%	-20.44%
07/2009	987.48	68.16	7.41%	13.14%	19.57%	-22.08%
06/2009	919.32	0.18	0.02%	15.22%	1.78%	-28.18%
05/2009	919.14	46.33	5.31%	25.04%	2.56%	-34.36%
04/2009	872.81	74.94	9.39%	5.68%	-9.90%	-37.01%
03/2009	797.87	62.77	8.54%	-11.67%	-31.59%	-39.68%
02/2009	735.09	-90.79	-10.99%	-17.98%	-42.70%	-44.76%
01/2009	825.88	-77.37	-8.57%	-14.75%	-34.84%	-40.09%

Monthly Returns: S&P SmallCap 600

MONTH OF	PRICE CLOSE	PRICE CHANGE	1 MONTH % CHANGE	3 MONTH % CHANGE	6 MONTH % CHANGE	1 YEAR CHANGE
01/2010	321.14	-11.49	-3.45%	7.38%	8.59%	37.05%
12/2009	332.63	26.02	8.49%	4.79%	23.97%	23.78%
11/2009	306.62	7.56	2.53%	1.45%	15.75%	20.83%
10/2009	299.06	-18.37	-5.79%	1.13%	14.61%	3.96%
09/2009	317.43	15.21	5.03%	18.30%	42.71%	-11.99%
08/2009	302.22	6.50	2.20%	14.09%	46.74%	-21.98%
07/2009	295.73	27.40	10.21%	13.33%	26.21%	-20.53%
06/2009	268.32	3.43	1.30%	20.63%	-0.15%	-26.48%
05/2009	264.89	3.96	1.52%	28.61%	4.39%	-32.99%
04/2009	260.93	38.50	17.31%	11.36%	-9.29%	-31.13%
03/2009	222.43	16.47	8.00%	-17.23%	-38.33%	-38.99%
02/2009	205.96	-28.36	-12.10%	-18.84%	-46.83%	-43.37%
01/2009	234.32	-34.41	-12.80%	-18.55%	-37.03%	-37.60%

Dividends

S&P 500

2009 marked the worst year on record for dividends since 1955. For the year, there were 1,191 increases, which is a drop of 36.4% from the 1,874 increases of 2008, and a 52.6% decline from the 2,513 increases of 2007. The year saw 804 decreases, marking a 631% gain over the 110 decreases of 2007.

In January, 15 issues increased, 3 initiated, 0 decreased and 0 suspended versus 17 increases, 0 initiations, 10 decreases, and 1 suspension for the same period in 2009 and 31 increases, 0

initiations, 5 decreases, and 1 suspension for January 2008. For the month, payers outperformed non-payers by losing less: payers were down 2.48% compared to non-payers decline of 4.75%. Outside of the S&P 500 (NY, ASE, NASD common) dividends continued to improve. January saw 133 increases compared to 114 increases for January 2009 and 223 increases for January 2008, and 17 decreases for the month compared to 92 decreases in January 2009 and 20 decreases in January 2008.

Issue Indicated Dividend Rate Change: S&P 500

	INCREASES	INITIALS	DECREASES	SUSPENSIONS
2010: January	15	3	1	0
2009: January	17	0	10	1
2008: January	31	0	5	1
2007: January	28	1	1	1

Dividend Total Return Performance: S&P 500

	Average S&P 500 Payers	Average S&P 500 Non-payers
Month - average change	-2.48%	-4.75%
12 Month	35.82%	62.99%
Issues	366	134
Average Yield	2.03%	

World Markets

Global markets started 2010 positive, continuing to add to their 34% 2009 record. However, as January progressed, the markets lost momentum. While rates remained relatively stable, China moved to restrict its lending policy and excess liquidity in an effort to reduce the speed of growth. As a result, China posted a 10.7% Q4 2009 GDP gain, while in the United States, Q4 2009 GDP came in higher than expected at 5.7%. For the month, emerging markets were mixed, with seven markets gaining and thirteen declining. Overall, emerging markets were down 5.33%, with Egypt up 8.34% and Taiwan (-6.86%), China (-8.49%), and Brazil (-10.62%) all declining. Developed markets were down 3.97% in January, with 22 of the 25 markets in the red. Notable was Japan, which gained 2.00%, Greece which declined 10.86% due to debt issues, and the United States which was down 3.51% for the month.

S&P Global Broad Market Index (BMI): Emerging, January 2010

BMI MEMBER	1-MONTH	3-MONTHS	1 YEAR	2-YEARS
Global	-4.12%	1.77%	40.45%	-21.47%
Global Ex-U.S.	-4.56%	0.01%	46.43%	-22.24%
Emerging	-5.33%	3.12%	83.31%	-11.68%
Egypt	8.34%	-2.17%	72.67%	-33.37%
Turkey	3.87%	16.66%	128.75%	0.64%
Indonesia	3.14%	11.64%	155.55%	-8.21%
Czech Republic	3.11%	0.00%	51.61%	-25.56%
Russia	2.44%	9.08%	144.23%	-33.56%
Chile	1.98%	14.90%	68.66%	11.51%
Israel	1.17%	12.39%	61.26%	8.63%
Morocco	0.61%	-3.04%	15.84%	-24.42%
Hungary	0.48%	2.56%	132.88%	-25.45%
Malaysia	-0.43%	0.65%	50.41%	-17.59%
Poland	-1.61%	4.30%	83.79%	-33.41%
India	-4.35%	7.07%	92.76%	-21.55%
Philippines	-4.80%	2.83%	65.36%	-20.07%
Thailand	-5.12%	2.35%	71.25%	-12.61%
South Africa	-5.29%	4.52%	66.91%	-2.01%
Mexico	-5.55%	6.23%	67.88%	-17.82%
Peru	-5.78%	-3.61%	84.80%	3.61%
Taiwan	-6.86%	6.11%	89.69%	-1.33%
China	-8.49%	-4.15%	65.47%	-9.41%
Brazil	-10.62%	-1.51%	93.46%	-5.85%

S&P Global Broad Market Index (BMI): Developed, January 2010

BMI MEMBER	1-MONTH	3-MONTHS	1 YEAR	2-YEARS
Developed	-3.97%	1.60%	36.31%	-22.57%
Developed Ex-U.S.	-4.37%	-0.72%	39.57%	-24.42%
Denmark	2.32%	3.73%	45.83%	-19.91%
Finland	2.01%	7.33%	39.78%	-43.76%
Japan	2.00%	0.72%	13.40%	-21.53%
Ireland	-1.60%	6.21%	54.33%	-56.13%
Belgium	-2.21%	-0.33%	56.64%	-42.30%
Sweden	-2.33%	-2.27%	81.62%	-14.09%
Switzerland	-2.85%	0.26%	36.85%	-10.91%
Netherlands	-3.40%	2.17%	48.63%	-22.99%
United States	-3.51%	4.37%	32.67%	-20.52%
Austria	-3.55%	-4.98%	62.25%	-39.56%
Norway	-4.12%	5.66%	78.79%	-22.51%
United Kingdom	-4.37%	0.02%	41.59%	-28.01%
New Zealand	-4.84%	-4.66%	50.53%	-31.39%
Korea	-5.01%	2.99%	67.25%	-18.34%
Singapore	-5.57%	3.70%	76.54%	-10.39%
Hong Kong	-6.07%	-3.75%	57.29%	-17.62%
France	-6.89%	-2.54%	38.22%	-25.28%
Canada	-7.07%	3.17%	51.35%	-19.66%
Australia	-7.28%	-3.32%	84.57%	-18.80%
Italy	-8.05%	-6.18%	32.12%	-40.22%
Germany	-8.40%	-2.49%	37.41%	-30.76%
Portugal	-9.62%	-10.10%	31.06%	-34.63%
Greece	-10.86%	-30.37%	19.09%	-57.94%
Luxembourg	-10.99%	13.31%	66.00%	-34.94%
Spain	-11.17%	-10.20%	35.00%	-26.11%

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Market Attributes: U.S. Equities is a monthly snapshot of the U.S. market, as measured by the S&P 500 and the S&P SmallCap 600. It seeks to highlight those statistical factors that have impacted market performance over the course of the month, such as stock buybacks, cash levels, and dividend payments.

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