

MARKET INSIGHTS

Weekly Market Recap June 4, 2012

Headlines

- Election polls show a tight race in Greece.
- The 10-year U.S. Treasury yield fell below 1.5%.

Economic News

- 1Q12 GDP was revised down to 1.9% saar.
- Jobless claims rose to 383,000.
- The unemployment rate rose to 8.2%.
- The ISM Manufacturing index missed expectations.
- Next Week: ISM Nonmanufacturing, International Trade.

Thought of the Week

It is easy to view the glass as half empty, particularly when things seem like they may never improve. However, when it comes to investing, it is important to maintain perspective. As shown in this week's chart, although the S&P 500's climb from its March 2009 lows has not been uninterrupted, the declines have paled in comparison to the rallies. Additionally, these periods of risk aversion have been driven by a variety of factors such as the situation in Europe, higher oil prices/Arab Spring, the U.S. debt downgrade and a possible hard landing in China. Although it can be difficult to remain invested during market declines, equities have shown their ability to rally despite these issues, suggesting investors could benefit from staying the course and not panicking when markets become volatile.

Question of the week:

As of May 31, 2012, how much had the VIX risen from its March 2012 average level of 16.2?

Prior week's question:

Consumer sentiment came in at a level of 79.3 in May; when was the last time it was at least this high?

Answer to prior week's question:

The last time consumer sentiment was above the May reading of 79.3 was October 2007.

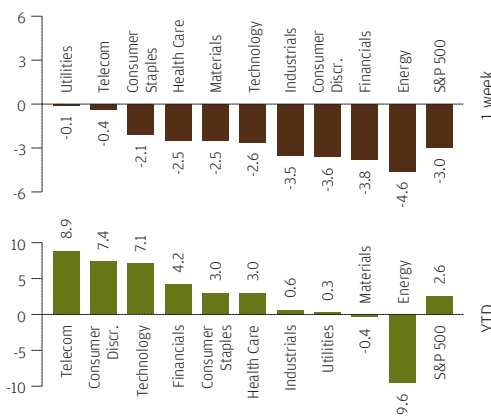
Index Levels	Friday Close 6/1/12	Prior Week 5/25/12	Year End 12/30/11	Year Ago 6/1/11
Dow Jones 30	12,119	12,455	12,218	12,290
S&P 500	1,278	1,318	1,258	1,315
Nasdaq	2,747	2,838	2,605	2,769
Russell 2000	737	766	741	821

Bond Rates

	Friday Close 6/1/12	Prior Week 5/25/12	Year End 12/30/11	Year Ago 6/1/11
Fed Funds Target	0.25	0.25	0.25	0.25
2 Year Treasury	0.25	0.29	0.24	0.45
10 Year Treasury	1.47	1.74	1.87	2.97
10 Year Municipal	2.14	2.22	2.45	3.28
High Yield	8.03	7.79	8.36	6.79

Market Returns	1 week		YTD	
	Local	USD	Local	USD
S&P 500	-2.96	-2.96	2.57	2.57
MSCI - EAFE	-2.06	-2.72	-1.99	-4.91
United Kingdom	-1.58	-3.47	-3.64	-4.91
Europe ex-UK	-3.37	-4.54	-2.80	-7.25
Japan	-1.82	0.04	-1.39	-2.88
Asia ex-Japan	0.32	-0.21	2.49	0.30

S&P 500 Sector Returns



Style Returns

	V	B	G
L	-2.9	-3.0	-3.3
M	-3.5	-3.9	-4.3
S	-3.3	-3.7	-4.2

	V	B	G
L	1.0	2.6	4.4
M	1.1	1.9	2.8
S	0.2	0.1	-0.1

Chart of the Week

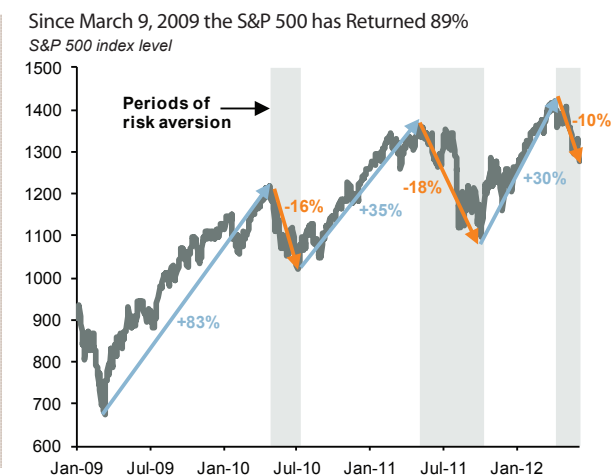


Chart of the Week: Source: Standard & Poor's, FactSet, J.P. Morgan Asset Management.

Thought of the Week: Source: Standard & Poor's, J.P. Morgan Asset Management.

Question of the Week: Source: CBOE, FactSet, 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 June 1, 2012 or as of most recently available.