

MARKET INSIGHTS

Weekly Market Recap March 12, 2012

Headlines

- Just over 80% of Greece's private-sector creditors agreed to bond swap.
- Mitt Romney won 6 states on Super Tuesday.

Economic News

- The U.S. added 227,000 jobs in February; unemployment rate at 8.3%
- The ISM Non-mfg. survey was better than expected.
- Jobless claims rose to 362,000.
- Next Week: Retail Sales, PPI, CPI, IP, Consumer Sentiment.

Thought of the Week

Last week the BLS reported broad based job creation in February with positive revisions to prior months. Revisions to economic data are extremely common, but when significant, they can have knock on effects for the path of related economic variables. In a separate report from the BLS on productivity and costs, revisions to prior quarters show unit labor costs rising at about twice the pace as previously thought, as we show in this week's chart. Growing labor income is obviously a positive for consumers but it tends to come at the expense of profits by putting pressure on margins. Additionally, in the long-run wage growth is the most important driver of inflation, something to keep in mind after years of an extremely accommodative Fed policy.

Question of the week:

Consumer credit growth picked up a bit in January from strong student loan demand; how far below the July 2008 peak is consumer credit outstanding?

Prior week's question:

How much did 10-year Italian bond yields fall between the first and second LTRO?

Answer to prior week's question:

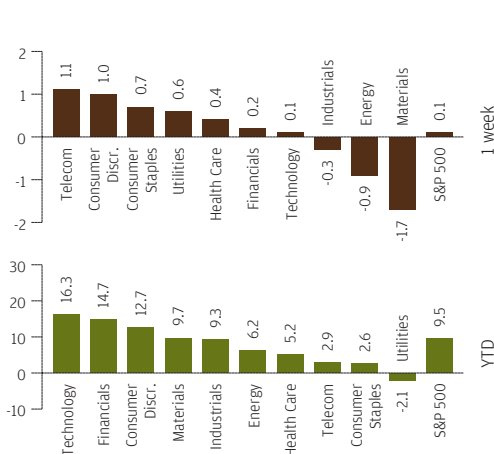
Italian 10-year government bond yields fell 1.16% between the first and second LTRO.

Index Levels	Friday Close 3/9/12	Prior Week 3/2/12	Year End 12/30/11	Year Ago 3/9/11
Dow Jones 30	12,922	12,978	12,218	12,213
S&P 500	1,371	1,370	1,258	1,320
Nasdaq	2,988	2,976	2,605	2,752
Russell 2000	817	802	741	821

Bond Rates	Friday Close 3/9/12	Prior Week 3/2/12	Year End 12/30/11	Year Ago 3/9/11
Fed Funds Target	0.25	0.25	0.25	0.25
2 Year Treasury	0.32	0.28	0.24	0.70
10 Year Treasury	2.04	1.98	1.87	3.47
10 Year Municipal	2.45	2.34	2.45	3.66
High Yield	7.19	7.02	8.36	6.82

Market Returns	1 week		YTD	
	Local	USD	Local	USD
S&P 500	0.14	0.14	9.48	9.48
MSCI - EAFE	-0.14	-0.99	10.23	9.90
United Kingdom	-0.17	-1.20	6.52	7.56
Europe ex-UK	-0.40	-1.12	9.75	11.16
Japan	1.22	0.23	17.11	9.41
Asia ex-Japan	-1.30	-1.74	10.56	13.40

S&P 500 Sector Returns



Style Returns

	V	B	G
L	0.2	0.1	0.1
M	0.6	0.4	0.3
S	1.9	1.8	1.8

	V	B	G
L	8.5	9.5	11.5
M	9.6	11.1	12.6
S	9.1	10.5	11.9

Chart of the Week

Higher Labor Costs Good for Main Street, Less So For Wall Street
Unit labor costs, nonfarm business, all persons

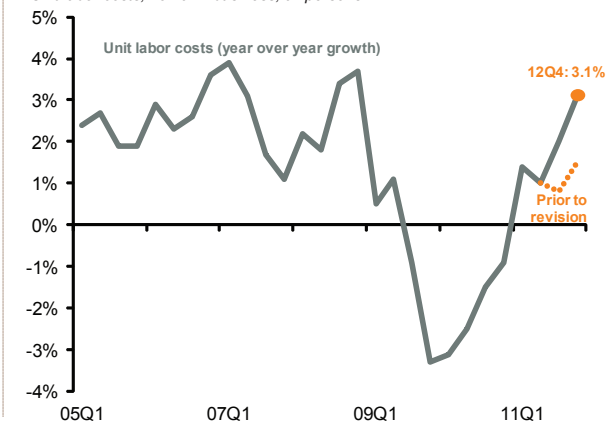


Chart of the Week: Source: BLS, J.P. Morgan Asset Management.

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

Question of the Week: Source: 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 March 9, 2012 or as of most recently available.