

JULY 16 - 20, 2012

Market Week Highlights

- A quarter of the S&P 500 reported earnings
- Bernanke testified before Congress
- Corn prices continued to climb

The S&P 500 finished the week modestly higher despite a steep decline on Friday as Spain projected that its recession will extend into next year. For most of the week, better-than-forecast corporate earnings overshadowed disappointing economic data. Both retail sales data and existing home sales unexpectedly declined in June, indicating that the US consumer remains under pressure. Corn prices also continued to climb this week after the weekly USDA crop report showed that corn yields continued to decline due to "oppressive drought conditions."

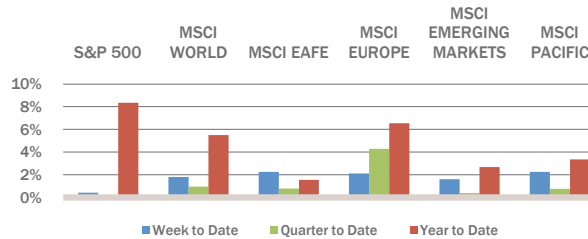
One fourth of S&P 500 companies reported earnings this week, and 73% of the 118 companies that have reported beat analysts' estimates. Of note this week, IBM reported better-than-expected Q2 profits and raised its full-year earnings outlook, helping alleviate concerns about tech spending. Morgan Stanley's second-quarter profit fell 54% from last year, on decreased trading revenue in the wake of a debt downgrade.

In his semi-annual monetary policy testimony before Congress, Federal Reserve (the Fed) Chairman Ben Bernanke called the progress in lowering unemployment "frustratingly slow," but said that monetary policy has helped economic growth and the job market. Bernanke also stated that the Fed stands ready to take additional action as appropriate to address further weakness in the economy. On Friday Bernanke said central bankers are capable of removing record stimulus from the financial system and raising interest rates when needed to avoid triggering inflation.

The coming week will be busy for corporate earnings, with McDonald's (MCD), United Parcel Service (UPS), Apple (AAPL), Caterpillar (CAT), Colgate-Palmolive (CL) and ExxonMobil (XOM) among the companies scheduled to report. Second quarter Gross Domestic Product will also be released on Friday, investors will be watching to see if the data shows slower-than-expected growth for the US.

Please see important disclosure information on the next page.

WORLD BY REGION



S&P 500 SECTOR RETURNS

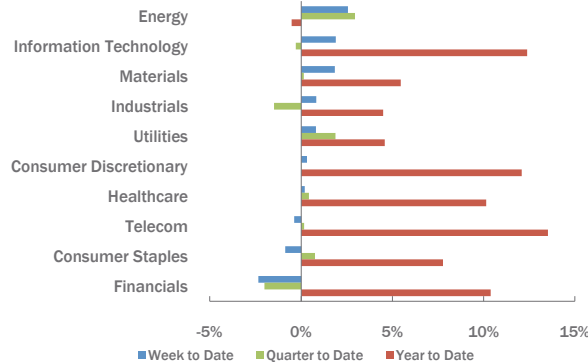
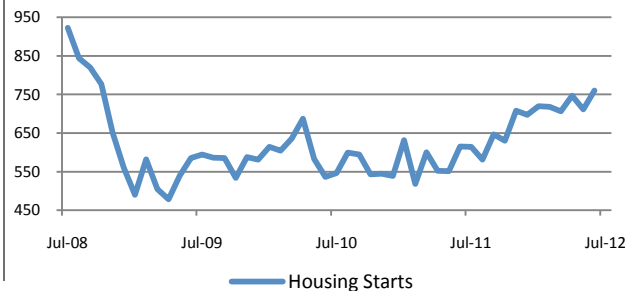


CHART OF THE WEEK

This week's chart shows housing starts, which rose in June to an annual pace of 760,000. This is the highest level in four years, driven by record low mortgage rates and attractive property prices.



STOCKS

	As of 07.20.12	Weekly % Change	Monthly % Change	Year to Date % Change
DJIA	12,822.6	0.4	-0.4	5.0
NASDAQ	2,925.3	0.6	-0.3	12.3
S&P 500	1,362.7	0.4	0.0	8.4
S&P 400 Mid Cap	939.7	-0.3	-0.2	6.9
Russell 2000	791.5	-1.2	-0.9	6.8
MSCI World ²	1,247.8	1.8	1.0	5.5
MSCI EAFE ²	1,434.7	2.3	0.8	1.6
MSCI Emerging Mkts ²	941.1	1.6	0.4	2.7

BONDS

	As of 07.20.12	Weekly % Change	Monthly % Change	Year to Date % Change
Barclays US Aggregate ¹	1,832.5	0.2	1.1	3.5
Barclays US Treasury ¹	2,071.6	-0.1	0.8	2.3
Barclays US Agency ¹	1,621.2	0.0	0.5	1.7
ML Muni Master ²	466.5	0.3	1.2	5.3
ML US Corp Master ²	2,378.6	0.6	2.2	7.1
ML High Yield ²	893.0	0.5	1.3	8.4

COMMODITIES

	As of 07.20.12	Weekly % Change	Monthly % Change	Year to Date % Change
DJ-UBS Total Return	146.2	4.2	8.0	3.9
Gold Spot ²	1,581.4	-0.3	-0.8	1.4
Silver Spot ²	27.2	0.0	-0.6	-1.9
Copper Spot ²	353.4	0.0	-1.2	0.4
WTI Crude \$/Barrel ²	92.7	0.0	7.6	-7.5

CURRENCIES

	As of 07.20.12	1 Week Ago	90 Days Ago	1 Year Ago
EUR/USD ²	1.2278	1.2249	1.3219	1.4202
USD/JPY ²	78.61	79.18	81.52	78.77
GBP/USD ²	1.5721	1.5576	1.6123	1.6153
CHF/USD ²	1.0222	1.0200	1.1003	1.2199

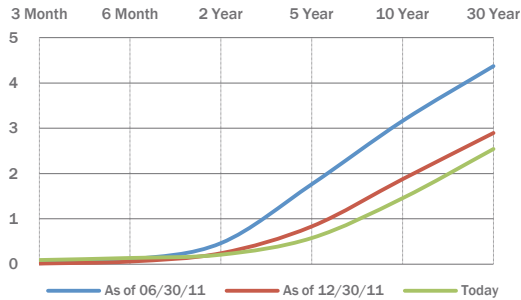
ALTERNATIVES

	As of 07.20.12	Weekly % Change	Monthly % Change	Year to Date % Change
Global NAREIT	1,863.6	0.4	1.8	14.9
US NAREIT	2,375.9	-0.8	1.0	13.6
Alerian MLP	400.1	2.2	6.0	2.6
HFRX Global Hedge Fund ³	1,130.3	0.1	0.7	1.9

Source: ¹Morningstar; ²As of previous day close; ³As of 07.18.12

All figures, unless otherwise specified, are from Bloomberg.

TREASURY YIELD CURVE (%)



CREDIT DEFAULT SWAP RATES

	As of 07.20.12	1 Week Ago	90 Days Ago	1 Year Ago
Portugal	830.6	834.6	1,066.3	1,095.6
Spain	607.6	555.0	502.2	341.1
Italy	525.5	496.0	463.4	287.1
Germany	79.0	83.4	86.5	58.0
France	171.8	171.0	199.7	103.0
China	115.1	114.5	113.1	89.5

(all figures in basis points)

BANK OF AMERICA MERRILL LYNCH KEY FORECASTS

Gross Domestic Product			US Interest Rates		Currencies			
	2012 E	2013 E	2012 E	2013 E		2012 E	2013 E	
Global	3.4	3.7	Fed Funds	0-0.25	0-0.25	EUR/USD	1.25	1.30
US	1.9	1.4	10-Yr T-Note	1.75	2.00	USD/JPY	81.00	87.00
Euro Area	-0.7	0.0	Gold	\$1,710	\$1,750	USD/CAD	1.03	1.01
Emerging Markets	5.3	5.5	WTI Crude Oil	\$97.00	\$100.00	E = Estimate		

TRAILING ECONOMIC RELEASES

16-Jul	Advanced Retail Sales	For June	Actual	-0.5%	Survey	0.2%	Prior	-0.2%
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Advance retail sales fell unexpectedly for the third consecutive month as weak employment weighed on consumer spending habits.

17-Jul	Consumer Price Index	For June	Actual	0.0%	Survey	0.0%	Prior	-0.3%
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Consumer prices were unchanged in June, in line with economist expectations. This was a slight increase after turning negative last month for the first time in over two years.

18-Jul	Housing Starts	For June	Actual	760K	Survey	745K	Prior	711K
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Housing starts beat expectations rising 6.9%, which pushed the annual pace to 760K, its highest level in almost four years.

(MoM) = Month over Month; (QoQ) = Quarter over Quarter; (YoY) = Year over Year

UPCOMING ECONOMIC RELEASES

Date	Release	Survey	Prior
25-Jul	New Home Sales	370K	369K

After increasing 7.6% to a two-year high in May, New Home Sales are expected to have only increased by 1,000 in June.

26-Jul	Durable Goods Orders	0.4%	1.3%
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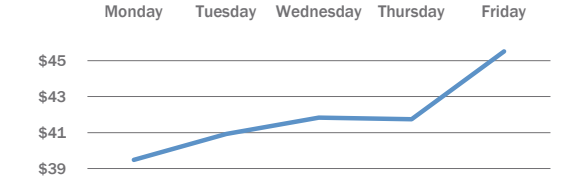
Durable Goods Orders are expected to rise 0.4% MoM in June after increasing 1.3% in May.

27-Jul	Gross Domestic Product (QoQ)	1.4%	1.9%
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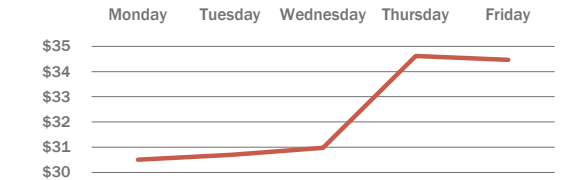
Second quarter real Gross Domestic Product is expected to advance at an Annualized MoM rate of 1.4% following a 1.9% increase in Q1.

STOCKS IN THE NEWS*

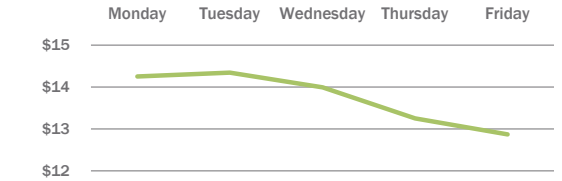
Baker Hughes Incorporated (BHI) shares rose 16% this week after reporting better than expected second-quarter earnings and revenue with North American operations rising 13%.



Walgreens (WAG) shares climbed the most since 2008 on Thursday, gained over 11% after the company renewed its contract to provide Express Scripts customers with prescriptions.



Morgan Stanley (MS) shares fell 9% this week after reporting worse than expected second quarter EPS and disappointing revenues which fell 54% YoY in the midst of a recent two-notch credit rating downgrade by Moody's.



* Discussion of these securities and accompanying illustrations are intended to depict recent performance for informational purposes only. They should not be considered a recommendation to buy or sell any security.

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