S&P 500 ® Index and S&P 500 GICS ® Sectors Performance

THE MARKET

The market gave back last week's 5.35% gain, and then some. The true cost of the week, however, appeared to be in perception and confidence. Investors saw domestic and international officials talk about help, support, change and growth, while doing little. Some analysts speculated that the politicians couldn't agree on what to do, while others suggested that they didn't want to take the necessary action due to the potential for political fallout. However, the most widespread interpretation was that the officials were limited in their ability and unable to execute. No matter which scenario you subscribe to, the week was not encouraging. The index declined on four of the five days, as the Fed announced it's expected "twist" and added the word "significant" to the downside potential. The IMF also reduced its expected forecast of growth and the entire sovereign debt issue appeared to move closer to default and crisis. For the week, the index declined 6.54%, closing at 1136.43. Friday's 0.61% gain was the only up day, as Bulls and Bears battled – a fight which will likely continue next Monday, with the advantage depending on the weekend news. The belief that governments were unable to help, left investors on their own, with more uncertainty. Third quarter earnings would start in bulk soon and many felt that if the forward guidance were positive, stocks would get short-term support. If forward guidance was negative, however, many speculated that consumers would pull back for the holiday season, with companies not committing to 2012 expenditures. Investors might take what profits they have, and live on the sidelines, where they would make no money, but also not lose any.

S&P Indices announced that concentrated phosphate and potash-based crop nutrients production and marketing issue Mosaic Company (MOS) will replace National Semiconductor (NSM) in the S&P 500 after the close of trading on Friday, September 23, 2011. National Semiconductor is being acquired by S&P 500 constituent Texas Instruments (TXN).

ACTIONS, SECTORS AND INDIVIDUAL ISSUES

Monday wasn't Friday, as the ability of Greece to implement reform, and the willingness (and ability) of European countries to finance those reforms, came into doubt. The market opened down, posting a 2.3% decline within the first hour of trading, as the prior five days of gains came under attack from profit takers. After the initial sell orders, however, markets stabilized and started a long, slow day to recover the quick losses. The market was starting to take into account the possibility that the Fed, which starts its two-day meeting on Tuesday, might stimulate the economy. The slow volatile climb was a sentiment to buying, and by the end of the day, the 2.3% decline had turned into a 0.98% decline – a poor showing, but well off its low. President Obama presented his deficit reduction plan -- a combination of new taxes and reduced expenditures -- which was not well received by either political party. Gold declined and the U.S. 10-year note fell to 1.94%. Financials accounted for most of the loss (although all ten sectors were down), as the Financial sector declined 2.74% in response to debt holdings, economic conditions and a growing fear of banks. Financial house Morgan Stanley (MS) declined 7.9%, as discount broker E*TRADE Financial (ETFC) dropped 5.5% and exchange issue NYSE Euronext (NYX) fell 5.2%. Banks mostly declined, as Zions Bancorp (ZION) fell 5.3%, State Street (STT) lost 4.8%, Regions Financial (RF) declined 4.8%, Citigroup (C) fell 4.4% and Bank of America (BAC) closed 3.3% lower. Personal computer and entertainment device maker Apple (AAPL) gained 2.8%, increasing the distance between itself and oil company Exxon Mobil (XOM), which is now the second largest company in the world, which declined 1.1% for day. Fire protection and cable issue Tyco International (TYC) added 2.4%, as it said it split itself up into two groups, making this its second split-up in four years. Fast-food Mexican restaurant owner Chipotle Mexican

Grill (CMG) added 5.7%, as they tested an expanded Asian menu, with residential community builder Lennar Corp (LEN) up 4.9% on anticipation that their expected poor earnings would be better than expected (it reported after the close that earnings were down, but less than expected). The big winner for the day was aerospace and chemical issue Goodrich (GR), which added 15.8%, as it became known that they were in merger talks with United Technology. The big loser was online entertainment issue Netflix (NFLX), which declined 7.4%, as it continued to receive negative feedback and cancellations from customers due to its new pricing policy. After the close, S&P Ratings lowered the sovereign debt rating of Italy. Tuesday was a rollercoaster, as news and views changed. The market initially declined 0.2% in the opening half hour, as no lead story developed, but quickly turned around on hopes that if things were bad enough the Fed would need to take additional action – a twist to long-term holdings was already expected to be announced at the end of their two-day meeting (which started on Tuesday). The market then turned around, and within 75 minutes was up 1.35%, settling into a trading range in the +1.2% area until 2:15. From there, it was all downhill as news items sank in. European action on Greece appeared delayed and the IMF lowered the U.S expected growth to 1.5% for 2011 and 1.8% for 2012, from 2.5% and 2.7% respectively. The ability (and resources) of the Fed also came under suspicion as political issues regarding their actions emerged. Volume remained very light for the day (there was a single surge a few minutes before the close), as the index ended the day off 0.17%. Expectations were now mixed on what action the Fed might take, and there was little reason to add new funds into the market at that point. Issues continued to react to their news. Aerospace and chemicals issue Goodrich (GR) added another 3.9% on their continued M&A talks with United Technology. Cruise ship owner Carnival (CCL) added 5.1% on strong earnings and higher estimates. Gold mining issue Newmont Mining (NEM) added 5.5%, as it said it planned to increase production by more than 35% over the next six years, and biopharmaceutical issue Celgene (CELG) jumped 7.1% on hopes that European regulators would approve the company's new cancer drug. Apple (AAPL) gained 0.4%, posting an all-time high, while health care benefit service issue Coventry Health Care (CVH) declined 6.8%, as it was downgraded. Online entertainment issue NetFlix (NFLX) continued to try to control the negative customer feedback, as it its shares sank another 9.5%; the issue is off 37.7% in the last four days of trading and 44.3% month-to-date. After the close, database software issue Oracle (ORCL, which had lost 2.3% that day), posted earnings and revenues slightly ahead of estimates, and closed Wednesday up 4.0%. Software giant Microsoft (MSFT) raised its dividend 25%, but given their enormous cash holdings (although they are mostly held outside the U.S., and therefore subject to U.S. taxes if they repatriate it for dividends), the increase was disappointing. Print and graphic software maker Adobe Systems (ADBE) reported better than expected earnings, gaining 3.5% in the after-market, and closing Wednesday up 1.1%. Wednesday's pre-market news continued to center around the potential for a Greek default, as well as the implications in Europe and the possibility of Fed action. U.S. home sales increased 7.7%; however, 31% of the sales were due to foreclosures, with more expected, as the median home price declined. The market opened up, then moved down and then swung upward again, all within the first half hour of trading. The market then decidedly moved down in the next hour (off 0.7%) on lower Fed expectations. Moody's announced it had reduced the long-term debt rating on Bank of America (BAC) as the issue declined 7.5% (off 21.9% month-to-date, and down 52.2% year-to-date). Moody's also reduced the long-term debt rating on Wells Fargo (WFC), which declined 3.90%, and reduced Citigroup's (C) short-term rating, as it declined 5.2%. Computer maker Hewlett-Packard (HPQ) moved up quickly, closing up 6.6% on rumors of a change at the top (CEO), with former eBay head Meg Whitman being put in charge temporarily. The market stayed in a down trading range, with traders watching the screens at 2:15PM, when the Fed decision was expected. The announcement was several 'long' minutes late (but it should have been 'short'), and offered few surprises in the actions. However, the statement that there are "significant downside risks to the economic outlook, including strains in global financial markets" was important in that the term "significant" was not used in prior text. The Fed said it would buy US$ 400 billion in long-term securities (six-to-30 years) with proceeds from selling shorter-term (less than three years) instruments. The initial equity reaction was negative, as the market fell 1.3% in 15 minutes. Some buying came in after that, as the market gained 0.7% in the next half hour. However, there was little in the Fed proposal to help equities, and global news was not encouraging. Volume picked up in the last hour of trading, as stocks declined further, ending the day off 2.94%; 479 issues declined, with 104 issues off at least 5%. Financials were hit the hardest, down 4.94%, as Morgan Stanley (MS) was off 8.6%, Leucadia National (LUK) sank 8.5%, Lincoln National (LNC) declined 8.4% and Hudson City Bancorp (HCBK) fell 8.1%. Insurers felt the pain, with American International Group (AIG) off 6.7%, Prudential Financial (PRU) was down 6.6% and Metlife (MET) off 6.6%. Investors sold bonds, as the U.S. 10-year Treasury closed at a new post-1962 low of 1.88%. The mood on the floor was negative, and while some pointed out that the week's downside of 4.05% was still less than last week's 5.35% gain, the week was not over, and there appeared to more selling on the way for Thursday's opening. In pre-Thursday action, new jobless claims came in slightly better than expected, commodity prices were declining and shipping issue FedEx (FDX) cut its earnings estimate due to the slowing global economy. Global markets were down significantly, as the head of the IMF said the world was in a dangerous phase and concerns over another global recession increased. The U.S. market ticked down significantly, falling 2.2% within minutes of the opening, as there appeared to be little buying. Both gold and oil declined while the dollar rose, as interest rates started to flatten due to the pending actions of the Fed. The VIX was now trading at 41, as the flight to safety was reinforced by what appeared to be a consensus among banking authorities that economic conditions would get worse. Volume was light after the opening as stocks fell 3.5%, to 1125, by noon. Some considered the 1125 index level to be a key support point. Over the next three and a half hours, stocks traded in that 1125 area, testing the price support, but on low volume. A quick decline at 3:30PM sent the index down, breaking the support level (down to 1114), but the index quickly rebounded on heavy buying – it was the only positive moment of the day's session. For the day, the market declined 3.19%. The four-day loss stood at 7.11%, as Materials (-11.9%), Energy (-10.9%), and Financials (-10.5%) all posted double digit returns for the week. Year-to-date, the index was off 10.18%, with 176 issues off at least 20%. Commodities closed down, with oil at US$ 81 and gold at US$ 1739. The 10-year U.S. Treasury closed at 1.72%, while the 30-year U.S. Treasury closed at 2.79%. Aerospace issue Goodrich (GR) added 10.1%, as United Technology announced its agreement to buy Goodrich for US$ 16.5 billion. Steel and specialty metals issues were hurt, as demand was seen as weak. Specialty metals issue Allegheny Technologies (ATI) lost 13.0%, as steel producers AK Steel Holding (AKS) and U S Steel (X) fell 11.4% and 11.3%, respectively. Related mining and equipment issues suffered from the fallout, with coal and iron producers Alpha Natural Resources (ANR) and Cliffs Natural Resources (CLF) off 11.2% and 10.3%, respectively. Dow Chemical (DOW) was off 9.9% while miners Freeport McMoRan Copper & Gold (FCX) and Joy Global (JOYG) lost 9.7% and 9.4%, respectively. Shipping issue FedEx (FDX) dropped 8.2% on global shipping slowdown concerns. Computer products maker Hewlett-Packard (HPQ) fell 4.8% as it announced that former eBay head Meg Williams would take over as CEO. There was little positive news to report. Global projections predicted a slowdown and emerging markets declined significantly as their expected high growth came into doubt. Sovereign debt was at best a major concern, with most seeing it as a major problem, and leadership and competency were nowhere to be seen. G20 statements pledging to support countries were once again issued, and once again not taken seriously; "faith" was in short supply. Uncertainty and a feeling that there was little that could be done dominated the post-Thursday climate. Friday's very early pre-market appeared to represent an upturn, but deteriorated by the time the sun rose in New York, as global markets turned negative after initially rebounding from Thursday's decline. Momentum was on the downside, and European debt and growth were major concerns. Moody's downgraded eight Greek banks. Credit card debt increased 66% in the second quarter, producing new concerns about personal debt levels (levels remain 18% lower than their September 2008 high point). Gold continued down, trading near US$ 1700, as rumors that investors were taking profits were added to yesterday's rumors that sovereigns were selling gold to increase liquidity; gold closed the week at US$ 1653, and oil at US$ 80. Some buy orders were expected from the two-day 6.01% decline, so a battle for the open was brewing. The open was mixed, with the initial tick down (off 0.7%), followed by an upswing that left the market up 0.2% at the half-hour mark. The battle was on. If Bears won out, and broke the 1120 support level, the market's 1100 level (yesterday's market got down to 1114) would be tested. If Bulls were dominant, the 1140 area would be the obstacle to beat. U.S. investors were still influenced by global markets, but now global markets were looking more to the U.S. Asian markets closed strongly down, but their European counterparts moved up, limiting their fall, as the U.S. turned up. In the background, there were news reports that the U.S. was pressuring Europe to do more. The market traded in a range for the rest of the day (1130 - 1140), as volume moved up and down. There was no direction, and investors were trying to evaluate the situation. There was an upturn in trading in the last hour, with the market up for that last hour (ahead of the weekend), which was positive. The day ended with a 0.61% increase, the only daily gain of the week. Computer maker Hewlett-Packard (HPQ) declined 2.1% on fallout from its executive change, as Bank of America (BAC) rebounded 4.1%.

Oil & gas issue Range Resources (RRC) fell 11.5% as legal questions arose about specific oil field ownership. Athletic footwear maker NIKE (NKE) beat estimates and gained 5.3% for the day, as Mosaic (MOS), which was added to the S&P 500 after tonight's close, declined 4.0% as it reported an earnings increase of 77%, which still disappointed analysts. For the week, the index was off 6.54%, with Materials off 12.2%, Energy off 11.6%, and Utilities, which performed the best, off 1.7%. The mood was one of a weary fighter enduring the blows. Unfortunately, it appeared to be only round ten of a 15-round match.

UPCOMING

Off-fiscal earnings will continue next week, with Tuesday's retail drug chain owner Walgreens (WAG) expected to post 12% higher earnings for its final fiscal 2011 quarter, and payroll accounting service issue Paychex (PAYX) expected to post earnings that are 5% higher, as its core business is impacted by employment levels. Wednesday will bring family restaurant owner Darden Restaurants (DRI), expected to show a slight decline, as the impact from the hurricane is felt. Low-end Family Dollar Store (FDO), which missed estimates last quarter, is expected to post a low double-digit gain. Thursday will close out the week with microcomputer parts maker Micron Technology (MU), expected to post a significant decline from last year, as costs and sales have become a major concern. Next week's economic report will center on housing, which may not set a positive tone to close out the quarter. Monday will bring New Home Sales, expected to be slightly down (to 295,000 from July's 298,000). Tuesday will bring the S&P/Case-Shiller Home Price Index, along with Consumer Comfort and Confidence numbers. Wednesday will offer the refinancing number (although the next few weeks may show whether lower rates have pushed applications up), as well as Durable Orders, which are expected to be down 0.7% (they were up 4.1% in July). Thursday will bring the U.S. third report on Q2 GDP, expected to be restated upward. New Weekly Jobless Claims will be released, as Pending Home Sales are expected to show a decline for August. Friday will close the week with Personal Income, expected to show a 0.2% gain, after July's 0.3% increase. The PCE is expected to report a modest 0.2% gain, after July's 0.8% increase. Adding to the week will some window dressing to close out the quarter, at least a few announcements to adjust third quarter earnings expectations, and speculation on the Super Committee and new Jobs bill – all adding up to more uncertainty and volatility.

		1 Week (Sep 16, 2011- Sep 23, 2011)			30 Days(Aug 23, 2011- Sep 23, 2011)		
	Weight	Percent Change	Companies Up	Companies Down	Percent Change	Companies Up	Companies Down
S&P 500	100.00%	-6.54%	24	476	-2.23%	183	316
Energy	11.53%	-11.64%	0	42	-9.74%	2	40
Materials	3.30%	-12.25%	0	30	-8.09%	9	21
Industrials	10.27%	-8.25%	2	58	-2.93%	15	44
Consumer Discretionary	10.88%	-5.29%	5	73	0.86%	36	42
Consumer Staples	11.58%	-4.44%	3	38	-2.34%	16	25
Health Care	12.01%	-4.48%	4	48	-1.28%	22	30
Financials	13.41%	-9.50%	0	81	-5.24%	15	66
Information Technology	19.88%	-3.83%	6	69	3.40%	42	33
Telecommunication Services	3.22%	-3.71%	0	8	-2.72%	2	6
Utilities	3.93%	-1.70%	4	29	2.29%	24	9

* GICS® (Global Industry Classification Standard) is an industry classification methodology which classifies issues into 10 sectors, 24 industry groups, 68 industries and 154 sub-industries.

		3 Months (Jun 23, 2011- Sep 23, 2011)			1 Year (Sep 23, 2010- Sep 23, 2011)		
		Percent Change	Companies Up	Companies Down	Percent Change	Companies Up	Companies Down
S&P 500		-11.46%	79	419	1.03%	230	254
Energy		-18.02%	2	39	8.61%	21	17
Materials		-19.15%	2	28	-5.19%	8	22
Industrials		-18.68%	4	56	-4.50%	16	41
Consumer Discretionary		-8.11%	19	59	9.06%	39	36
Consumer Staples		-4.10%	9	32	6.58%	26	15
Health Care		-10.15%	6	46	3.97%	32	17
Financials		-21.32%	5	76	-17.73%	22	56
Information Technology		-2.93%	12	62	6.81%	36	36
Telecommunication Services		-8.60%	0	8	-0.43%	2	6
Utilities		2.15%	20	13	7.81%	26	7

S&P 500 INDEX BIGGEST GAINERS / LOSERS : Sep 16 - Sep 23, 2011

Biggest Gainers	Company	Ticker	% Gain		Biggest Losers	Company	Ticker	% Loss
1	Goodrich Corp	GR	31.07%		1	Alpha Natural Resources	ANR	-31.51%
2	Watson Pharmaceuticals	WPI	5.08%		2	Cliffs Natural Resources Inc	CLF	-25.79%
3	General Mills Inc	GIS	3.10%		3	Nabors Industries Ltd	NBR	-22.61%
4	Red Hat Inc	RHT	2.69%		4	Freeport McMoRan Copper & Gold	FCX	-22.17%
5	Celgene Corp	CELG	2.67%		5	Allegheny Technologies Inc	ATI	-21.05%

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