

Weekly Market Update: May 11, 2012

The Economy

- Economic data was mixed in the U.S. and Canada, while news out of Europe and the U.K. remained negative. SEI continues to anticipate slow growth in the U.S. and Canada throughout the first half of 2012.
- The U.S. producer price index was down 0.2% in April, according to the U.S. Department of Labor, falling slightly on declining energy costs. This was its lowest annual rate in two and a half years.
- The Thomson Reuters/University of Michigan preliminary index of consumer confidence unexpectedly rose to its highest level in four years in May. Falling fuel costs contributed to the gain.
- The U.S. international trade deficit grew to \$51.8 billion in March from \$45.4 billion in February, the U.S. Census Bureau announced, as imports increased more than exports for the month.
- Import prices in the U.S. declined 0.5% in April after a 1.5% increase in the previous month, said the U.S. Department of Labor, driven by reduced fuel prices. Export prices rose 0.4% for the month after a 0.8% increase in March.
- Wholesale inventories in the U.S. rose by 0.3% to \$480.44 billion in March, the U.S. Department of Commerce reported, gaining less than expected after petroleum stocks posted the biggest drop in almost two years.
- New jobless claims compiled by the U.S. Department of Labor decreased by 1,000 to 367,000 last week. Analysts forecasted claims to remain at 368,000.
- The Bank of England maintained U.K. interest rates at a record low of 0.5% and did not extend its program of buying bonds to boost the economy.
- An index of U.K. consumer sentiment dropped to 44 in April from 53 in March, according to Nationwide Building Society, after the economy fell into a double-dip recession in first-quarter 2012.
- U.K. manufacturing output unexpectedly rose 0.9% in March following a 1.1% decline in February, reported the Office for National Statistics, on strength in chemicals, transport equipment, computers and electronics. Overall industrial production fell 0.3% for the month, owing to reduced oil and gas production.
- A U.K. house-price index dropped to -19 in April from -11 in the previous month, said the Royal Institution of Chartered Surveyors, reaching a six-month low after the expiration of a stamp-duty exemption for first-time buyers.
- The European Commission forecasted that the eurozone economy will shrink by 0.3% in 2012 amid the ongoing debt crisis, and predicted 1.0% growth in the following year.
- The European Financial Stability Facility (EFSF) said it would pay only €4.2 billion of the €5.2 billion due to Greece in the latest installment of the country's bailout. When and if the remaining €1 billion will be disbursed is contingent on the financing needs of Greece.

Economic Calendar

- May 15: Consumer Price Index, Empire State Manufacturing Survey, Retail Sales
- May 16: MBA Mortgage Applications, Housing Starts
- May 17: Initial Jobless Claims, Philadelphia Fed Index

Stocks

- Global equity markets fell for the week.

- In the U.S., value stocks beat growth stocks, and small-company stocks beat large-company stocks. Telecommunications and Utilities performed best, while Technology and Industrials lagged.
- In the U.K., Utilities and Healthcare outperformed, while Materials and Energy lagged. In Europe, Telecommunications and Information Technology did best, while Consumer Discretionary and Healthcare performed worst.

Bonds

- Global bond markets rose for the week. High-yield bonds performed best, followed by global corporate bonds, while global government bonds lagged.
- U.S. consumer credit rose by \$21.4 billion in March, according to data released by the Federal Reserve, surging by the most in over 10 years on increased demand for student and car loans.

The Numbers as of Friday May 11, 2012	1 Week	YTD	1 Year	Friday's Close*
Global Equity Indices*				
MSCI World (\$)	-1.8%	5.1%	-8.0%	1282.4
MSCI EAFE (\$)	-2.0%	5.2%	-8.9%	362.3
MSCI Emerging Mkts (\$)	-4.1%	6.0%	-15.4%	971.0
US & Canadian Equities				
Dow Jones Industrials (\$)	-1.7%	4.9%	1.0%	12820.6
S&P 500 (\$)	-1.1%	7.6%	0.4%	1353.4
NASDAQ (\$)	-0.8%	12.6%	2.5%	2933.8
S&P/TSX Composite (C\$)	-1.5%	-2.2%	-12.7%	11694.7
UK & European Equities				
FTSE All-Share (£)	-1.4%	1.4%	-6.5%	2897.8
MSCI Europe ex UK (€)	-0.4%	1.4%	-17.1%	802.8
Asian Equities				
Topix (¥)	-4.4%	4.1%	-10.7%	758.4
Hong Kong Hang Seng (\$)	-5.3%	8.3%	-13.5%	19964.6
MSCI Asia Pac. Ex-Japan (\$)	-4.5%	6.6%	-14.2%	418.7
Latin American Equities				
MSCI EMF Latin America (\$)	-3.5%	2.5%	-15.3%	3690.9
Mexican Bolsa (peso)	-1.3%	4.9%	10.6%	38888.8
Brazilian Bovespa (real)	-2.3%	4.7%	-7.1%	59445.2
Commodities (\$)*				
West Texas Intermediary Spot	-2.4%	-2.7%	-2.9%	96.1
Gold Spot Price	-3.3%	0.7%	5.9%	1586.7
Global Bond Indices (\$)*				
Barclays Capital Global Agg.	0.1%	1.9%	7.3%	203.0
JPMorgan Emerging Mkt Bond	-1.0%	6.3%	11.6%	602.6
10-Year Yield Change (basis points**)				
US Treasury	-4.1	-3.9	-138.5	1.84%
UK Gilt	-3.3	-1.4	-141.4	1.96%
German Bund	-6.8	-31.0	-159.2	1.52%
Japan Govt Bond	-3.9	-13.5	-27.2	0.85%
Canada Govt Bond	-5.1	2.8	-126.5	1.97%
Currency Exchange Rates*				
US\$ per euro***	-1.1%	-0.1%	-9.1%	1.2942
Yen per US\$	0.0%	3.7%	-1.2%	79.87
US\$ per £***	-0.4%	3.7%	-1.2%	1.6085
C\$ per US\$	0.2%	-1.9%	3.5%	0.9971
Source: Bloomberg, total return. Equity returns are index price only. *New York close for Commodities, currency returns, and global equity and bond indices; all else local market close. **100 basis points = 1 percentage point. ***A gain in [US\$ per euro and £ = a decline in the dollar, and vice-versa.				

Index returns are for illustrative purposes only and do not represent actual fund performance.

Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

This material is provided by SEI Investments Management Corporation (SIMC) for educational purposes only and is not meant to be investment advice. The reader should consult with his/her financial advisor for more information. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. There are risks involved with investing, including possible loss of principal. SIMC is a wholly owned subsidiary of SEI Investments Company.