

BY THE NUMBERS\$

12/05/05 Edition

1. UP APPROXIMATELY HALF THE TIME - The S&P 500 is up +300% (total return) over the last 165 months (2/28/92 to 11/30/05). Over that stretch of time, 53% of the 3,468 trading days have been up and 47% of the trading days have been down (source: BTN Research).
2. NOT QUITE SIX IN A ROW - The S&P 500 was down last week, this coming after 5 consecutive positive trading weeks. The stock index last had 6 straight up weeks in August-September 2004. 57% of the last 1,000 weeks of the S&P 500 have been up (source: BTN Research).
3. IRRATIONAL STOCKS - Fed Chairman Alan Greenspan used the phrase "irrational exuberance" to describe the US stock market in a speech given 9 years ago today (12/05/96). The S&P 500 closed that day at 740 and climbed another +107% to 1527 on 3/24/00 before beginning a 2 ½ year bear market (source: BTN Research).
4. STOCKS vs. HOMES - For the 10 years ending 9/30/05, the S&P 500 is up +148% (total return) and the average price of a US home is up +96%. For the 5 years ending 9/30/05, the S&P 500 is down 7% (total return) and the average price of a US home is up +55% (source: S&P, OFHEO).
5. SO MUCH LARGER - The USA's total stock market capitalization is the largest in the world. It is bigger than the collective size of the next 14 largest stock markets (source: The Economist).
6. \$10 BILLION PER MONTH - Stock mutual funds are on pace to receive \$125 billion of new net funds in 2005, down from \$179 billion of new funds received in 2004 and \$151 billion in 2003. The all-time record of \$302 billion was set in calendar year 2000 (source: Investment Company Institute).
7. MISSING OUT - \$100 invested at the end of every month earning a static 6% in a tax-deferred account will grow to \$97,451 at the end of 30 years. 54% of employees in their 20s who have access to an employer-sponsored 401(k) do not participate in the plan (source: BTN Research, Hewitt Associates).
8. WHAT IF RATES CHANGE? - The 10-year Treasury note has a duration of 8.0 years today. That means a rise in rates of +1% would result in an 8% drop in the value of the 10-year note and a drop in rates of +1% would result in an 8% rise in the value of the 10-year note (source: WSJ, Ryan Labs, Reuters).
9. TAKING ACTION - The European Central Bank (ECB) raised their key benchmark interest rate ¼ of 1% last Thursday to 2.25%, the 1st change in the rate in 2 ½ years and its 1st rate hike in 5 years. The ECB's last rate-hike cycle from 4/99 to 10/00 produced 2.25% in total interest rate increases. The statement released following last week's rate hike alluded to the need to curb inflationary pressures throughout the Eurozone (source: ECB).
10. WHAT'S NEEDED FROM HERE - The average US pension plan is 84% funded and would need additions (either through the growth of investments or additional contributions) of +11% per year for 7 years to become fully funded. US pension plans are collectively unfunded by \$450 billion. The average annual total return of the S&P 500 over the last 50 years (1955-2004) is +10.9% (source: J.P. Morgan, Reuters, PBGC, BTN Research).
11. JUST IN CASE - The maximum annual amount that the Pension Benefit Guaranty Corporation (PBGC) will pay out in 2006 to a 65-year old retiree whose DB pension plan fails next year will be \$47,659 or just under \$4,000 per month. The PBGC has taken over an average of 153 failed plans per year for the last 4 years (source: PBGC).
12. MORE TO SPEND - From its peak of \$3.06 a gallon on Labor Day, the average price of unleaded gasoline has fallen to \$2.13. This drop of 93 cents in the price of gasoline translates into \$343 million of additional spending money each day for Americans or more than \$1 billion every 3 days (source: AAA, DOE, Fortune).
13. BIG BUSINESS - The US economy grew at an annualized rate of +4.3% in the 3rd quarter 2005, above the +3.2% average annualized growth our nation has produced over the last 100 quarters. The economy is \$12.6 trillion in size

today (source: Commerce Department).

14. A LOT BIGGER - The USA's economy is the largest in the world. It is bigger than the collective size of the next 4 largest economies. Those 4 countries ranked 2nd through 5th in the world listing are Japan, Germany, the UK and France (source: The Economist).

15. BACK TO WORK - 215,000 new jobs were added by the nation's employers during November 2005, better than the average monthly jobs increase of +167,000 achieved YTD in 2005. An average of +201,000 new jobs was generated monthly in 2004 (source: Department of Labor).

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