

- **Securities Industry Employment Update**

By: Paul R. Rainy

- **Monthly Statistical Review**

By: Charles M. Bartlett, Jr.

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No. **2**

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Securities industry employment increased in December for the third consecutive month. The Bureau of Labor Statistics estimates that the national securities industry gained 500 jobs in December, up 0.1% from November's level. Securities industry employment in New York State increased by 0.1%, or 200 jobs, and decreased in New York City by 0.1%, or 100 jobs, from November's levels.

12 **Monthly Statistical Review**, by Charles M. Bartlett, Jr.

The Dow recorded four closing highs on the way to finishing at a month-end high in January, while the S&P 500 and NASDAQ also ended January at their seventh and sixth consecutive month-end record highs, respectively. Share and dollar volume increased on the NYSE and NASDAQ compared with both the previous month and same year-earlier period. US corporate underwriting was down 31.7% from December, with bonds and equity underwriting recording monthly declines of 33.3% and 14.7%, respectively. M&A recorded another strong month, down from December's level, but 52.6% above the same year-earlier period.

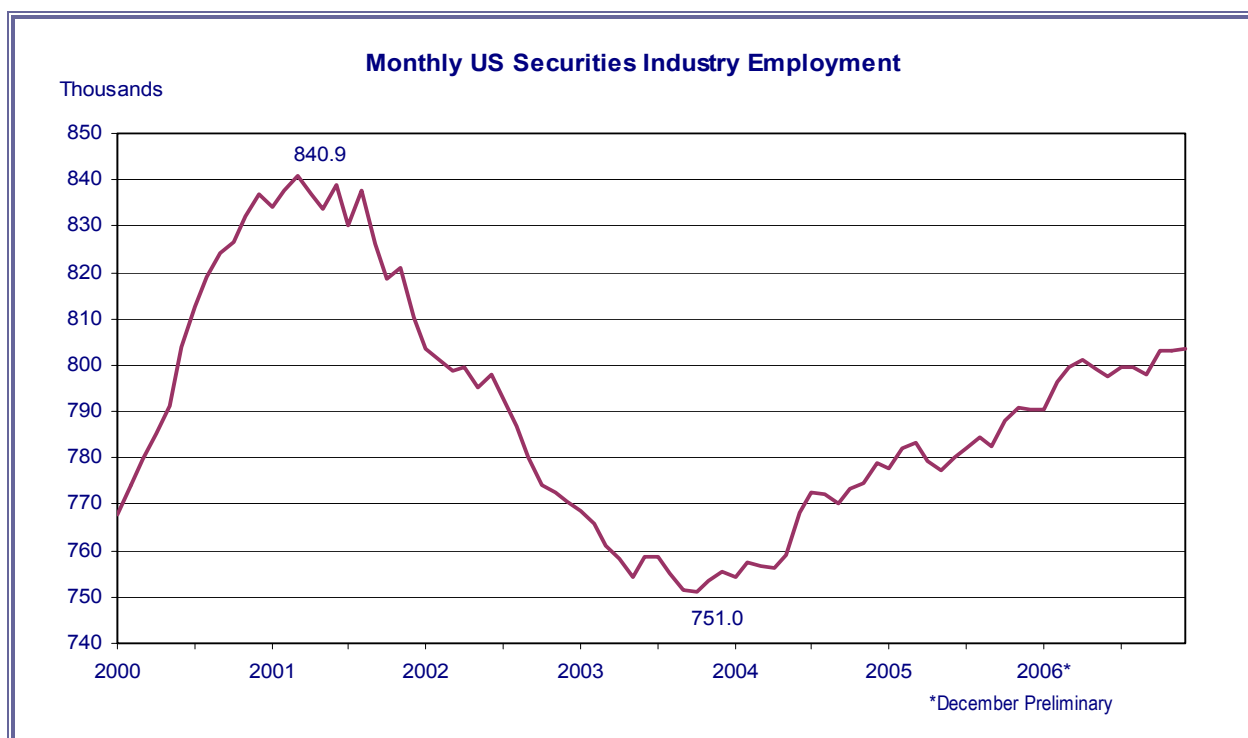
SECURITIES INDUSTRY EMPLOYMENT UPDATE

Summary

The US Department of Labor's Bureau of Labor Statistics (BLS) estimated that national securities industry employment rose for the third consecutive month, gaining 500 jobs in December, up 0.1% from November's level. New York State's (NYS) securities industry gained 200 positions in December, a rise of 0.1%, whereas New York City (NYC) lost 100 jobs, a drop of 0.1%.

U.S. Employment

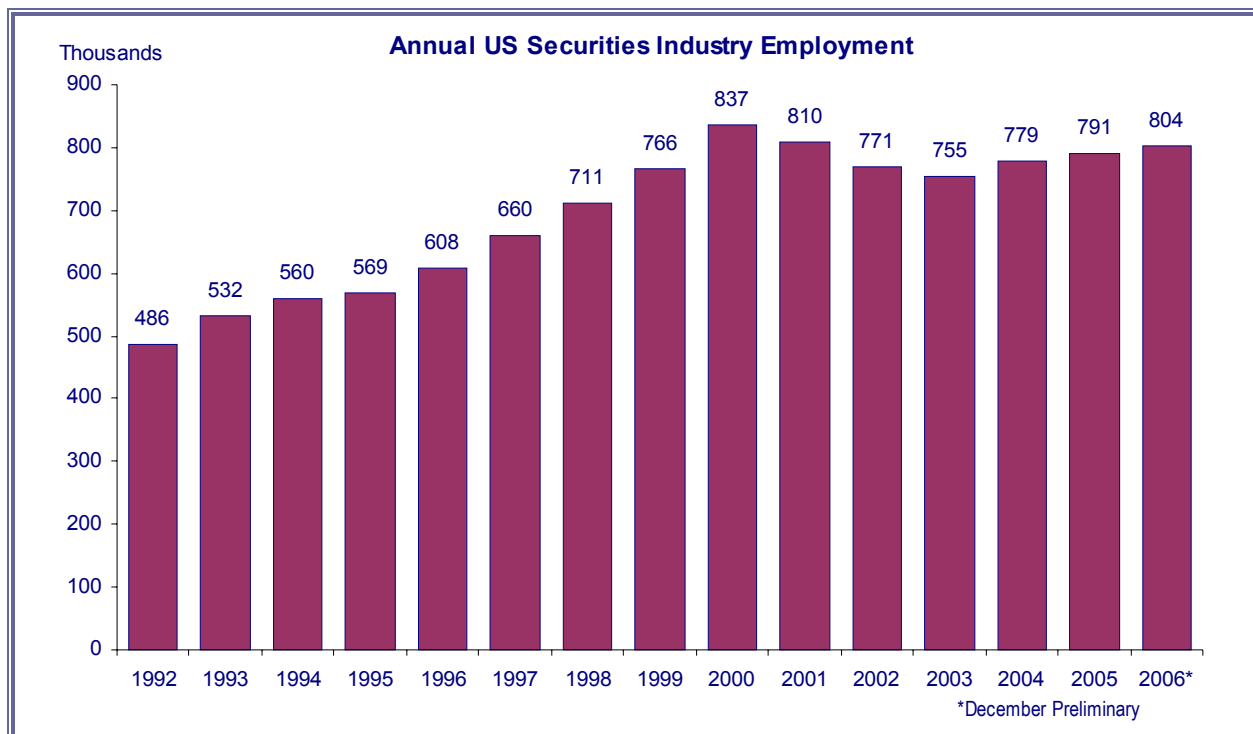
National securities industry employment reached a year-to-date high of 803,700 jobs in December. The average for the 12 months of 2006 was 799,300 jobs, the highest annual average the industry has recorded since 2001. The December headcount was 1.7% above the same year-earlier period. National securities industry employment has gradually trended upward during the 31 months since the end of the last cyclical employment downturn, when the industry lost 89,900 jobs, or 10.7%, of its total workforce. From the October 2003 nadir of 751,000 jobs through December 2006, the securities industry gained 52,700 jobs. This represents a recovery of 58.6% of the jobs lost between the peak of 840,900 in March 2001 and the trough of October 2003.



Source: Bureau of Labor Statistics (BLS), US Department of Labor (DOL)

National Securities Industry Employment												
1-Month Net Change (Thousands)												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1992	-0.1	4.1	2.6	3.3	3.7	5.2	4.3	1.4	-2.2	0.8	1.3	2.2
1993	-0.2	2.1	2.9	4.5	3.5	8	6.5	3.6	1.5	4.1	5.2	3.9
1994	2.4	4.9	5.7	3.9	3	8.5	3.8	-0.3	-4	-2.2	2.4	0.6
1995	-2.3	0.9	-0.2	-1.3	1.3	4.2	1.3	1.3	-1.2	-0.3	2.5	2.4
1996	0.9	2.8	2.3	3.2	4.8	8.3	5.7	4.1	-3.5	1.9	4.3	4.7
1997	2.8	5.4	3.3	4.3	3.8	6.1	8.7	3.2	-1	5.6	5.4	4
1998	3.9	4.2	4.3	4.9	5.7	11.8	10.2	2	-1.1	4.6	-1.7	2.3
1999	0.9	-1.1	3.1	5.5	6	11	12.2	2.6	-3.1	5.2	8.4	4.7
2000	1.3	6.5	5.6	5.4	6.1	12.6	8.9	6.4	4.9	2.3	5.6	4.9
2001	-2.9	3.5	3.4	-4.2	-2.8	4.9	-8.7	7.4	-11.2	-7.5	2.1	-10.7
2002	-6.8	-2.3	-2.4	1	-4.4	2.8	-5.4	-5.7	-7	-6	-1.5	-1.8
2003	-2	-2.9	-4.8	-2.9	-3.8	4.3	0.2	-3.8	-3.4	-0.6	2.7	1.6
2004	-1.2	3.2	-0.7	-0.5	2.8	9.3	4.4	-0.3	-2	3.1	1.2	4.5
2005	-1.2	4	1.2	-3.6	-2.1	2.6	1.9	2.7	-2.2	5.7	2.8	-0.3
2006	0	5.6	3.3	1.7	-2.2	-1.3	1.9	-0.1	-1.4	4.9	0.2	0.5

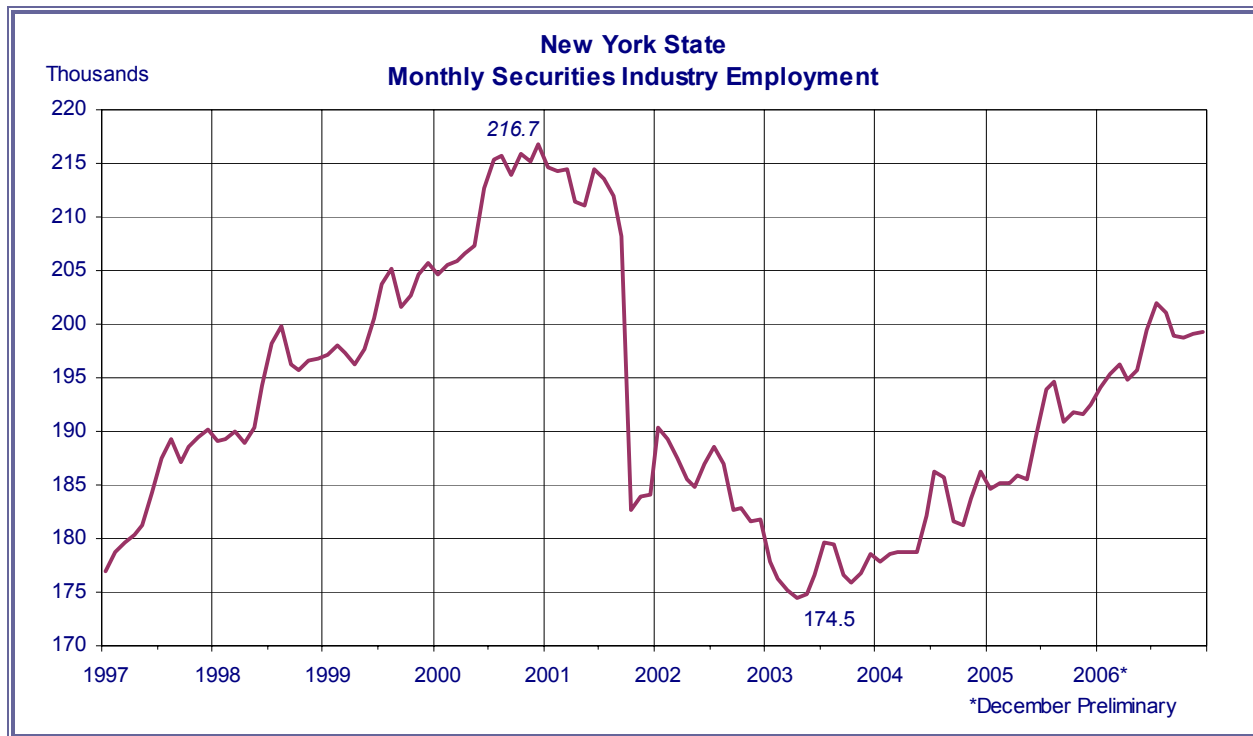
The December 2006 securities industry national headcount of 803,700 was still 4.4% below its peak level of 840,900 set in March 2001.



Source: BLS (year-end data)

New York State Employment

BLS estimated that the securities industry headcount in NYS increased by 0.1%, or 200 jobs, in December, bringing the number of securities industry positions up to 199,300 from November's level of 199,100.

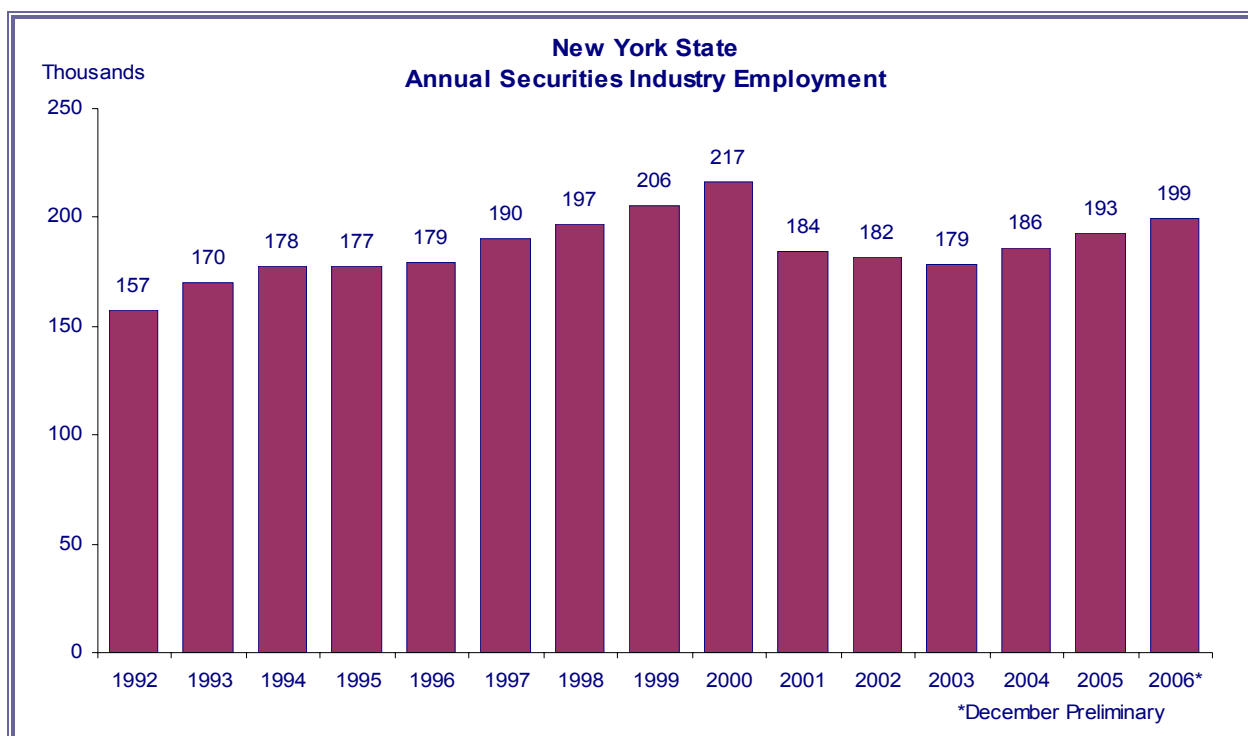


Source: BLS

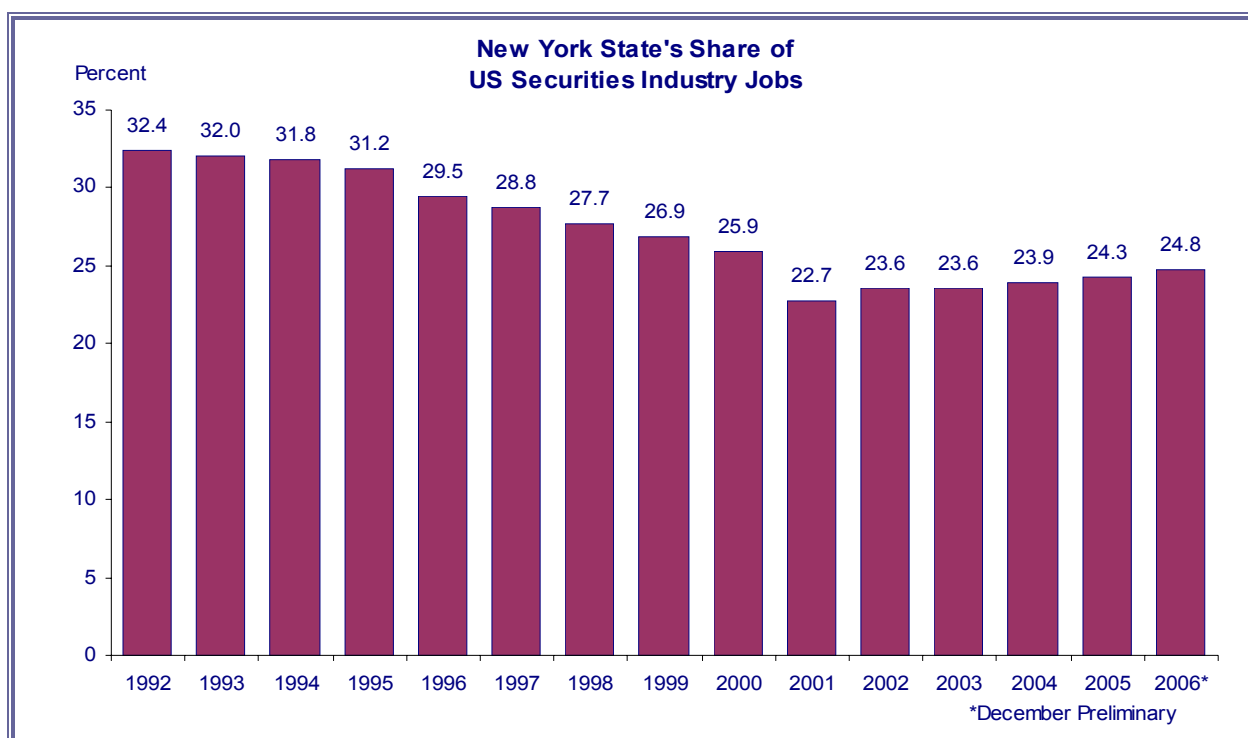
For the year, the securities industry added 6,800 jobs in NYS, increasing its headcount by 3.5%. December was the second consecutive month that securities industry employment in New York increased, and 2006 was the third consecutive year that average employment has increased. The yearly average for securities employment in NYS was 197,900 in 2006, up from 189,300 in 2005.

New York State Securities Industry Employment												
1-Month Net Change (Thousands)												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1992	-3.6	0.6	0.3	3.9	0.4	1.8	-1.1	0.7	-2.2	-2.1	0.0	1.3
1993	0.8	0.7	0.1	1.3	0.2	2.4	2.2	1.2	-1.2	2.4	1.2	1.5
1994	-1.4	1.6	1.2	2.0	0.1	3.0	1.9	1.0	-1.7	-2.1	1.5	0.9
1995	-2.7	1.3	-0.7	-2.6	0.0	1.3	-0.7	1.0	-1.2	1.7	0.8	1.2
1996	-6.0	1.5	0.9	-0.1	1.0	2.7	-0.8	0.4	-1.7	0.7	1.8	1.5
1997	-2.3	1.7	0.9	0.8	0.8	3.0	3.3	1.8	-2.2	1.4	1.0	0.7
1998	-1.1	0.2	0.7	-1.1	1.4	3.9	4.1	1.5	-3.6	-0.5	0.9	0.1
1999	0.5	0.8	-0.6	-1.1	1.3	3.0	3.2	1.3	-3.5	1.1	1.9	1.2
2000	-1.2	1.0	0.3	0.7	0.8	5.3	2.6	0.5	-1.9	2.0	-0.7	1.5
2001	-2.1	-0.3	0.2	-3.0	-0.4	3.3	-0.9	-1.6	-3.7	-25.5	1.3	0.1
2002	6.2	-1.1	-1.7	-1.9	-0.7	2.1	1.6	-1.7	-4.2	0.2	-1.3	0.1
2003	-3.9	-1.5	-1.1	-0.7	0.3	1.8	3.0	-0.1	-2.9	-0.7	0.8	1.9
2004	-0.7	0.6	0.3	-0.2	0.2	3.6	3.5	-0.6	-3.5	1.7	0.3	2.4
2005	-1.5	0.4	0.1	0.7	-0.4	4.4	4.1	0.7	-3.8	0.9	-0.2	0.9
2006	1.6	1.3	0.9	-1.4	0.9	3.7	2.5	-0.9	-2.1	-0.3	0.4	0.2

The December 2006 securities industry headcount of 199,300 in NYS was 8.0% below the monthly peak of 216,700 reached in December 2000. The 28-month job recession that followed the 2000 peak reduced the industry's headcount by 19.5%, or 42,200 jobs, before ending in April 2003 at an employment level of 174,500. By the end of December 2006, NYS added 24,800 industry jobs since the April 2003 low point, regaining 58.8% of the jobs lost during the industry's employment contraction.

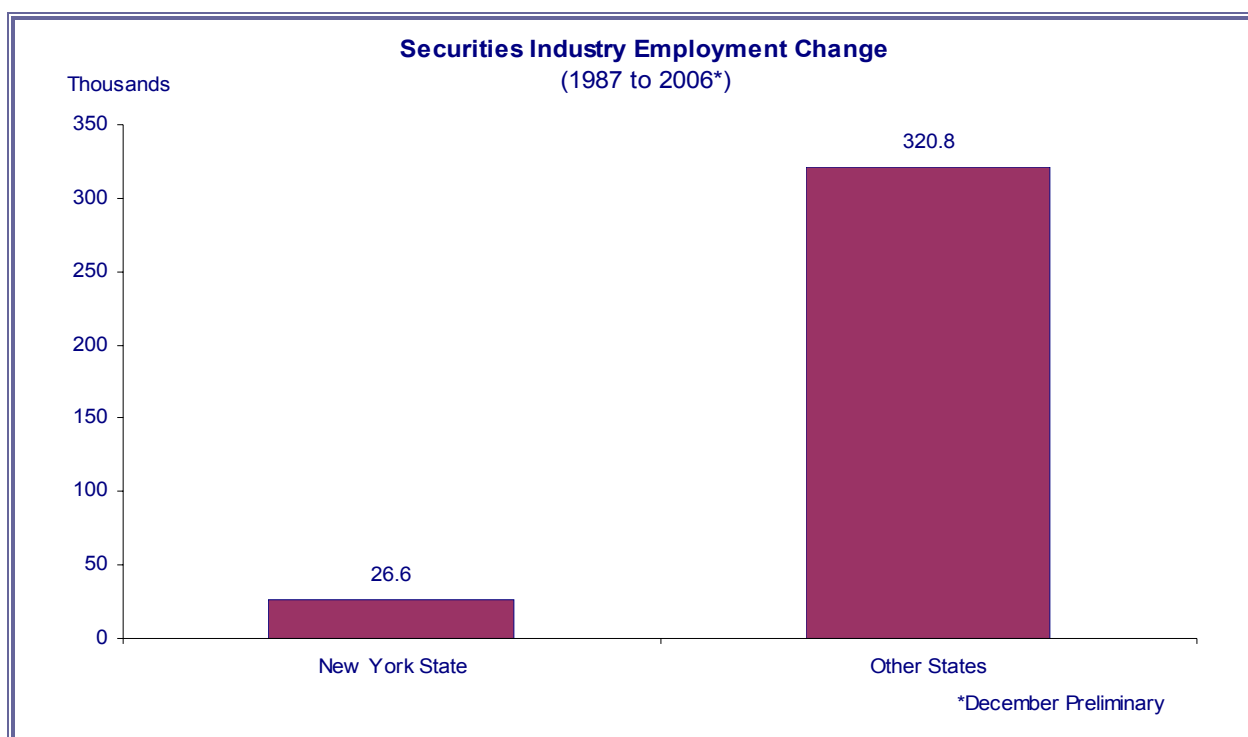


Source: BLS (year-end data)



Source: BLS

After decades of decline, NYS's share of the national securities industry's workforce has been increasing since 2001. The latest available BLS figures show that, in December, NYS accounted for 24.8% of national securities industry jobs, a slight increase from 2005 year-end (24.3%). However, the 26,600 new securities industry jobs created in the state since the 1987 stock market crash is equivalent to only 8.3% of the 320,800 security industry jobs created in the other 49 states combined.



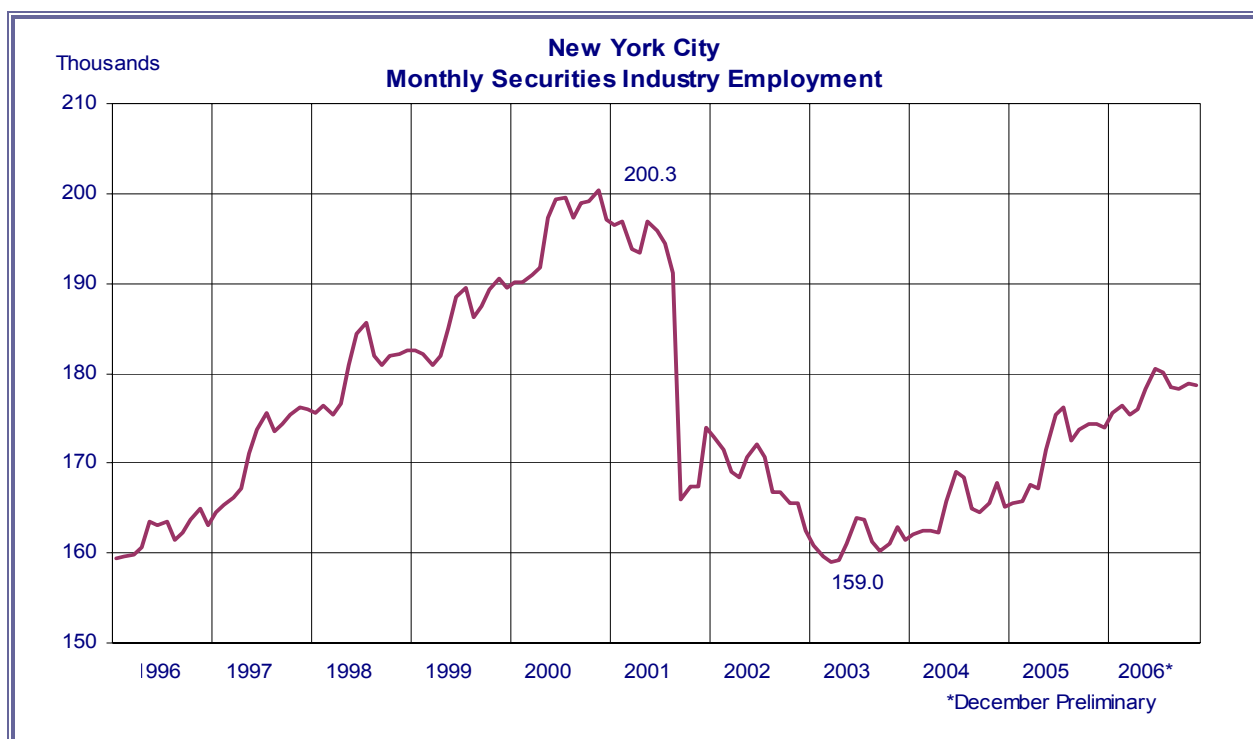
Source: BLS

New York City Employment

According to BLS data, in December NYC's securities industry employment level decreased by 0.1% from November's level. The securities industry's headcount in NYC was 178,700 at the end of December, a reduction of 100 jobs compared to the prior month's level.

In full-year 2006, the securities industry added 4,300 jobs in NYC compared to the addition of 6,600 jobs during the same year-earlier period. Ten years ago, NYC accounted for 27.1% of nationwide securities jobs compared with 22.2% at end-December.

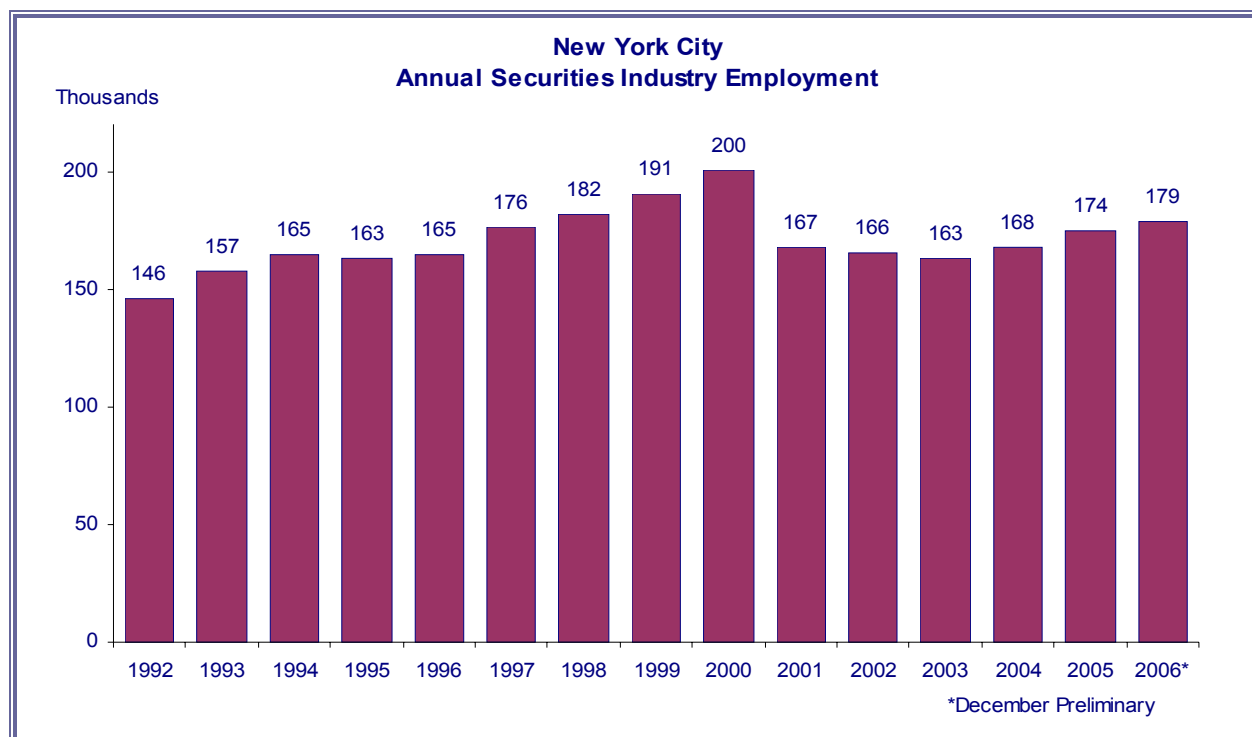
As of the end of December, NYC regained 19,700, or 47.7%, of the 41,300 jobs lost between the peak of 200,300 in December 2000 and the trough of 159,000 in April 2003. The jobs gained over the past 44 months represent a 12.4% increase in NYC securities industry employment. Employment in NYC's securities industry has been trending upward, but is still 10.8% below its peak level.



Source: BLS

Paul R. Rainy
Research Assistant

New York City Securities Industry Employment												
1-Month Net Change (Thousands)												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1992	-3.6	0.3	0.2	3.9	0.4	1.9	-1.7	0.6	-2.1	-2.0	-0.1	1.3
1993	0.8	0.6	0.2	0.6	0.4	2.3	1.6	2.3	-1.2	1.7	1.1	1.3
1994	-0.8	1.2	1.1	2.2	-0.1	3.2	1.9	0.9	-1.8	-2.3	1.2	0.9
1995	-3.0	1.0	-0.9	-1.7	-0.1	1.4	-0.8	1.0	-1.3	0.8	0.7	0.9
1996	-5.1	1.5	0.3	0.1	0.9	2.8	-0.4	0.5	-2.1	0.7	1.6	1.1
1997	-1.7	1.3	0.9	0.8	0.9	3.9	2.8	1.7	-1.9	0.8	1.0	0.9
1998	-0.3	-0.5	0.9	-1.1	1.4	4.2	3.6	1.1	-3.6	-1.1	1.0	0.2
1999	0.4	0.1	-0.4	-1.3	1.1	3.1	3.3	1.2	-3.4	1.2	2.0	1.1
2000	-1.0	0.7	0.0	0.8	0.8	5.6	2.0	0.2	-2.2	1.6	0.1	1.2
2001	-3.3	-0.5	0.4	-3.0	-0.4	3.3	-1.0	-1.4	-3.2	-25.3	1.5	0.0
2002	6.5	-1.0	-1.5	-2.3	-0.6	2.2	1.4	-1.5	-3.9	0.0	-1.2	0.1
2003	-3.2	-1.6	-1.1	-0.7	0.3	1.8	2.9	-0.2	-2.5	-1.0	0.7	1.9
2004	-1.4	0.6	0.3	-0.3	0.1	3.4	3.2	-0.6	-3.4	0.7	0.1	2.2
2005	-2.6	0.3	0.2	1.9	-0.3	4.1	4.0	0.8	-3.6	1.1	0.7	0.0
2006	-0.5	1.6	1.0	-1.1	0.7	2.1	2.3	-0.3	-1.7	-0.2	0.5	-0.1



Source: BLS (year-end data)

SECURITIES INDUSTRY EMPLOYMENT
(in thousands; SIC Codes US and NY thru 1991, NAICS 92 on)

Year End	U.S.	Change From Prior Year (U.S.)	N.Y. State	Change From Prior Year (N.Y. State)	N.Y. State as % of U.S.	N.Y. City	Change From Prior Year (N.Y. City)	N.Y. City as % of N.Y. State	N.Y. City as % of U.S.
1973	182.1	-9.6%	77.4	-15.1%	42.5%	74.5	-15.0%	96.3%	40.9%
1974	167.1	-8.2%	69.0	-10.9%	41.3%	66.1	-11.3%	95.8%	39.6%
1975	171.3	2.5%	69.4	0.6%	40.5%	67.0	1.4%	96.5%	39.1%
1976	177.4	3.6%	72.8	4.9%	41.0%	70.1	4.6%	96.3%	39.5%
1977	183.4	3.4%	73.3	0.7%	40.0%	70.2	0.1%	95.8%	38.3%
1978	194.3	5.9%	77.0	5.0%	39.6%	73.7	5.0%	95.7%	37.9%
1979	214.2	10.2%	82.1	6.6%	38.3%	78.4	6.4%	95.5%	36.6%
1980	243.7	13.8%	94.8	15.5%	38.9%	90.0	14.8%	94.9%	36.9%
1981	267.0	9.6%	105.0	10.8%	39.3%	99.6	10.7%	94.9%	37.3%
1982	283.8	6.3%	108.9	3.7%	38.4%	102.7	3.1%	94.3%	36.2%
1983	328.3	15.7%	125.0	14.8%	38.1%	117.5	14.4%	94.0%	35.8%
1984	341.1	3.9%	129.2	3.4%	37.9%	121.7	3.6%	94.2%	35.7%
1985	367.5	7.7%	137.6	6.5%	37.4%	130.0	6.8%	94.5%	35.4%
1986	417.1	13.5%	157.1	14.2%	37.7%	148.8	14.5%	94.7%	35.7%
1987	456.3	9.4%	172.7	9.9%	37.8%	163.0	9.5%	94.4%	35.7%
1988	438.7	-3.9%	160.3	-7.2%	36.5%	150.4	-7.7%	93.8%	34.3%
1989	426.9	-2.7%	154.1	-3.9%	36.1%	144.0	-4.3%	93.4%	33.7%
1990	417.4	-2.2%	143.5	-6.9%	34.4%	133.9	-7.0%	93.3%	32.1%
1991	424.1	1.6%	139.5	-2.8%	32.9%	129.6	-3.2%	92.9%	30.6%
1992	485.9	14.6%	157.2	12.7%	32.4%	145.7	12.4%	92.7%	30.0%
1993	531.5	9.4%	170.0	8.1%	32.0%	157.4	8.0%	92.6%	29.6%
1994	560.2	5.4%	178.0	4.7%	31.8%	165.0	4.8%	92.7%	29.5%
1995	568.8	1.5%	177.4	-0.3%	31.2%	163.0	-1.2%	91.9%	28.7%
1996	608.3	6.9%	179.3	1.1%	29.5%	164.9	1.2%	92.0%	27.1%
1997	659.9	8.5%	190.2	6.1%	28.8%	176.3	6.9%	92.7%	26.7%
1998	711.0	7.7%	196.7	3.4%	27.7%	182.1	3.3%	92.6%	25.6%
1999	766.4	7.8%	205.8	4.6%	26.9%	190.5	4.6%	92.6%	24.9%
2000	836.9	9.2%	216.7	5.3%	25.9%	200.3	5.1%	92.4%	23.9%
2001	810.2	-3.2%	184.1	-15.0%	22.7%	167.4	-16.4%	90.9%	20.7%
2002	770.7	-4.9%	181.7	-1.3%	23.6%	165.6	-1.1%	91.1%	21.5%
2003	755.3	-2.0%	178.6	-1.7%	23.6%	162.9	-1.6%	91.2%	21.6%
2004	779.1	3.2%	186.2	4.3%	23.9%	167.8	3.0%	90.1%	21.5%
2005	797.5	2.4%	192.5	3.4%	24.1%	174.4	3.9%	90.6%	21.9%
Jan:04	754.1	-1.9%	177.9	0.1%	23.6%	161.5	-0.6%	90.8%	21.4%
Feb:04	757.3	-1.1%	178.5	1.2%	23.6%	162.1	0.8%	90.8%	21.4%
Mar:04	756.6	-0.6%	178.8	2.1%	23.6%	162.4	1.7%	90.8%	21.5%
Apr:04	756.1	-0.3%	178.6	2.3%	23.6%	162.1	1.9%	90.8%	21.4%
May:04	758.9	0.6%	178.8	2.3%	23.6%	162.2	1.8%	90.7%	21.4%
June:04	768.2	1.3%	182.4	3.3%	23.7%	165.6	2.8%	90.8%	21.6%
July:04	772.6	1.8%	185.9	3.5%	24.1%	168.8	2.9%	90.8%	21.8%
Aug:04	772.3	2.3%	185.3	3.2%	24.0%	168.2	2.7%	90.8%	21.8%
Sept:04	770.3	2.5%	181.8	2.9%	23.6%	164.8	2.2%	90.6%	21.4%
Oct:04	773.4	3.0%	183.5	4.3%	23.7%	165.5	3.2%	90.2%	21.4%
Nov:04	774.6	2.8%	183.8	4.0%	23.7%	165.6	2.9%	90.1%	21.4%
Dec:04	779.1	3.2%	186.2	4.3%	23.9%	167.8	3.0%	90.1%	21.5%
Jan:05	777.9	3.2%	184.7	3.8%	23.7%	165.2	2.3%	89.4%	21.2%
Feb:05	781.9	3.2%	185.1	3.7%	23.7%	165.5	2.1%	89.4%	21.2%
Mar:05	783.1	3.5%	185.2	3.6%	23.6%	165.7	2.0%	89.5%	21.2%
Apr:05	779.5	3.1%	185.9	4.1%	23.8%	167.6	3.4%	90.2%	21.5%
May:05	777.4	2.4%	185.5	3.7%	23.9%	167.3	3.1%	90.2%	21.5%
June:05	780.0	1.5%	189.9	4.1%	24.3%	171.4	3.5%	90.3%	22.0%
July:05	781.9	1.2%	194.0	4.4%	24.8%	175.4	3.9%	90.4%	22.4%
Aug:05	784.6	1.6%	194.7	5.1%	24.8%	176.2	4.8%	90.5%	22.5%
Sept:05	782.4	1.6%	190.9	5.0%	24.4%	172.6	4.7%	90.4%	22.1%
Oct:05	788.1	1.9%	191.8	4.5%	24.3%	173.7	5.0%	90.6%	22.0%
Nov:05	790.9	2.1%	191.6	4.2%	24.2%	174.4	5.3%	91.0%	22.1%
Dec:05	790.6	1.5%	192.5	3.4%	24.3%	174.4	3.9%	90.6%	22.1%
Jan:06	790.6	1.6%	194.1	5.1%	24.6%	173.9	5.3%	89.6%	22.0%
Feb:06	796.2	1.8%	195.4	5.6%	24.5%	175.5	6.0%	89.8%	22.0%
Mar:06	799.5	2.1%	196.3	6.0%	24.6%	176.5	6.5%	89.9%	22.1%
Apr:06	801.2	2.8%	194.9	4.8%	24.3%	175.4	4.7%	90.0%	21.9%
May:06	799.0	2.8%	195.8	5.6%	24.5%	176.1	5.3%	89.9%	22.0%
June:06	797.7	2.3%	199.5	5.1%	25.0%	178.2	4.0%	89.3%	22.3%
July:06	799.6	2.3%	202.0	4.1%	25.3%	180.5	2.9%	89.4%	22.6%
Aug:06	799.5	1.9%	201.1	3.3%	25.2%	180.2	2.3%	89.6%	22.5%
Sept:06	798.1	2.0%	199.0	4.2%	24.9%	178.5	3.4%	89.7%	22.4%
Oct:06	803.0	1.9%	198.7	3.6%	24.7%	178.3	2.6%	89.7%	22.2%
Nov:06	803.2	1.6%	199.1	3.9%	24.8%	178.8	2.5%	89.8%	22.3%
Dec:06*	803.7	1.7%	199.3	3.5%	24.8%	178.7	2.5%	89.7%	22.2%

*Preliminary

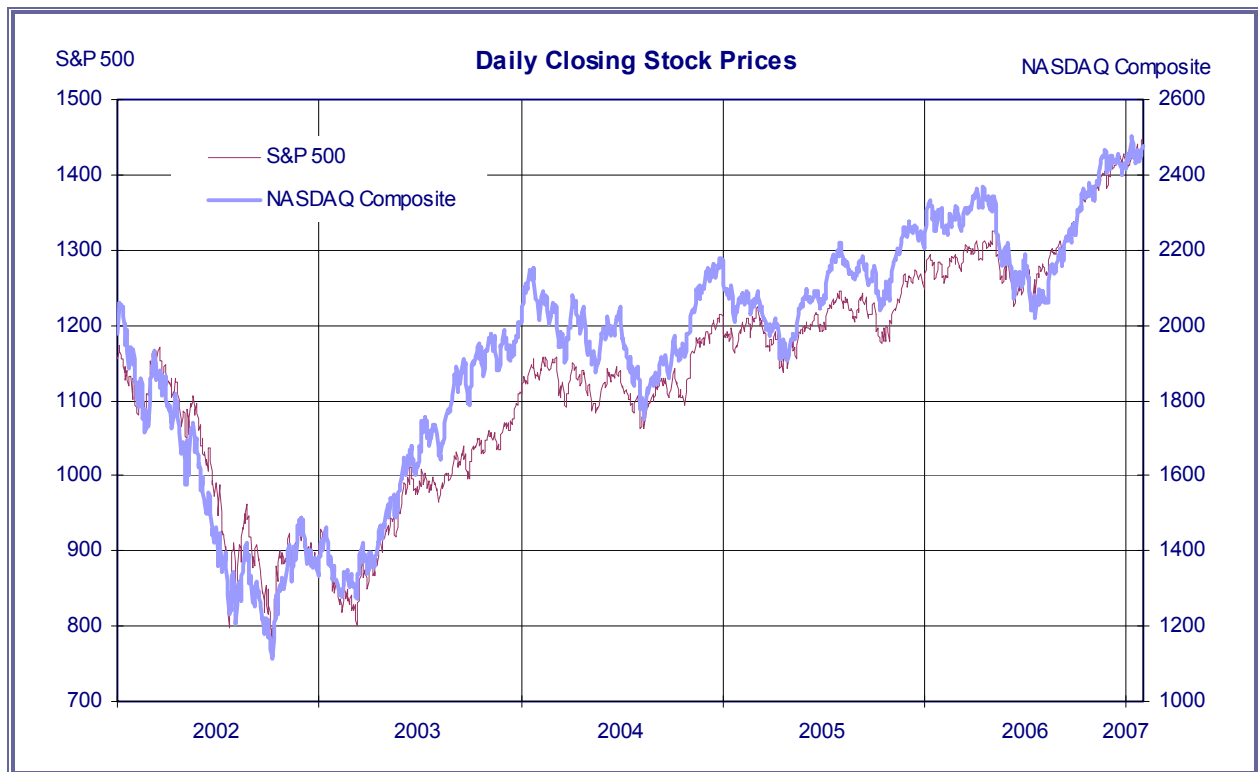
Sources: BLS; NYS Department of Labor

MONTHLY STATISTICAL REVIEW

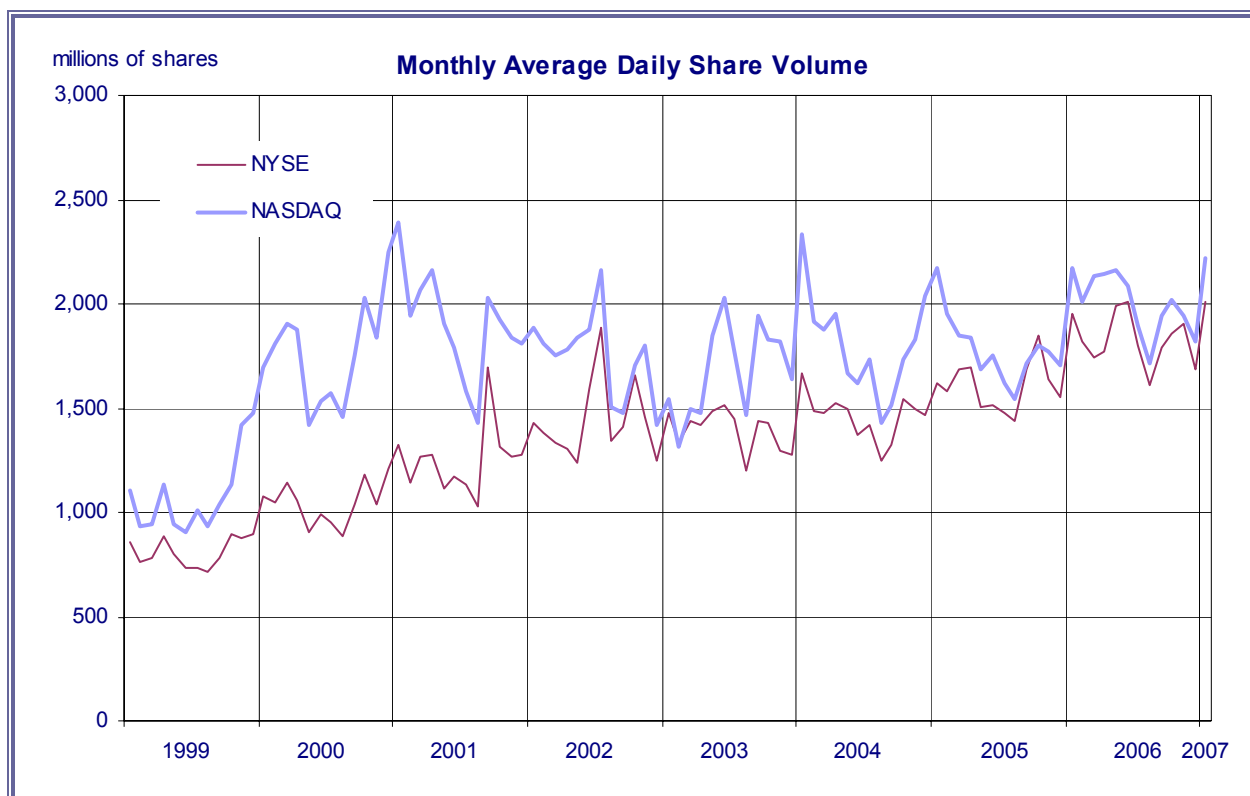
U.S. Equity Market Activity

Stock Prices – US equity prices rose for the seventh consecutive month for both the Dow Jones Industrial Average (DJIA) and S&P 500 Index and for the sixth consecutive month on the NASDAQ Composite Index in January. Strong earnings results, the Fed's steady monetary policy and a continuation of the economic expansion continued to lift investor sentiment and retail investor flow. The DJIA closed within one tenth of a point from an all-time record close on the last day of January.

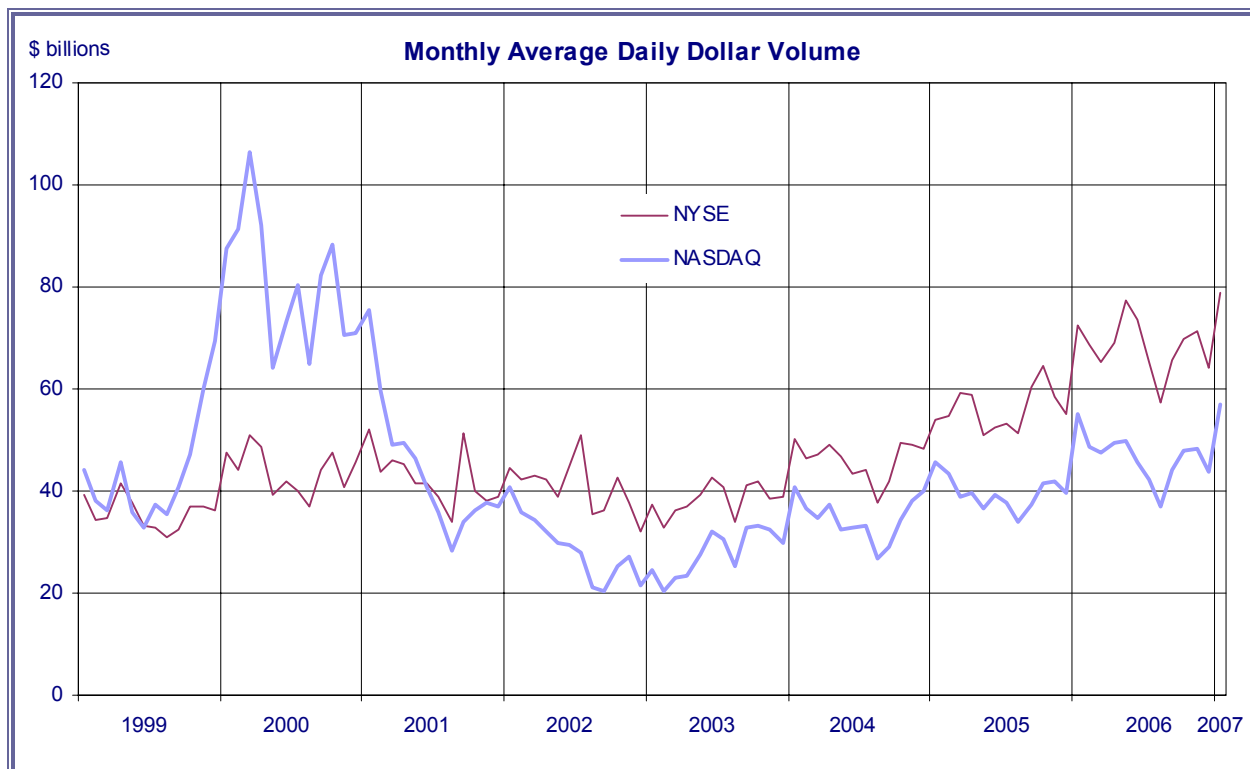
The DJIA rose 1.3% to close January at 12,621.69, while breaching the 12,600 level for the first time and setting four new record closing highs during the month. The S&P 500 rose 1.4% in January to close at 1,438.24, while the technology-laden NASDAQ Composite rose 2.0% to reach 2,463.93. At the end of January, all three major indices were above their year-earlier levels, with the DJIA, S&P 500, and NASDAQ 16.2%, 12.4 %, and 6.9% higher, respectively, than the same year-earlier period.



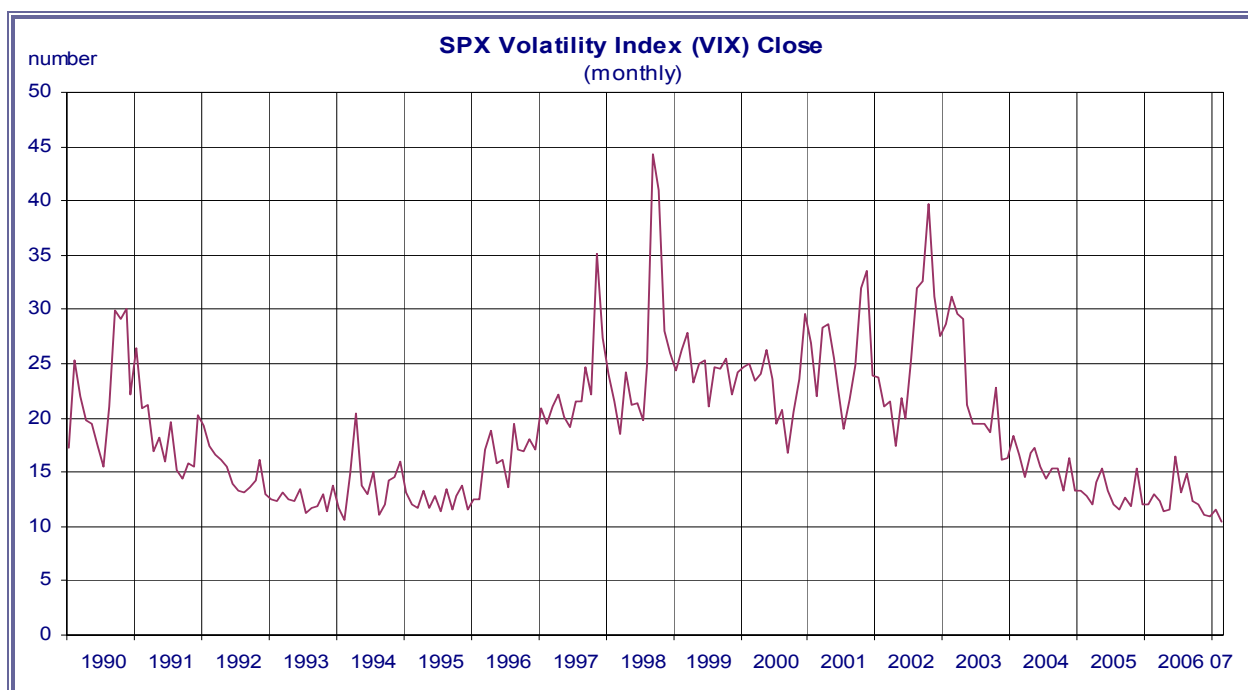
Share Volume – During January, average daily share volume increased on the New York Stock Exchange and NASDAQ from December's levels. Average daily share volume increased by 18.9% in January to 2.006 billion shares on the NYSE, while NASDAQ volume rose 22.3% to 2.221 billion shares. Average daily share volume rose 2.5% and 2.3% on the NYSE and NASDAQ, respectively, above levels in the same year-earlier period.



Dollar Volume – Average daily dollar volume on the NYSE and NASDAQ also increased in January, up 22.5% on the NYSE and 30.3% on the NASDAQ from December. January average daily dollar volume on the NYSE was 8.7% above the same year-earlier period, while NASDAQ average daily dollar volume was 5.5% higher.



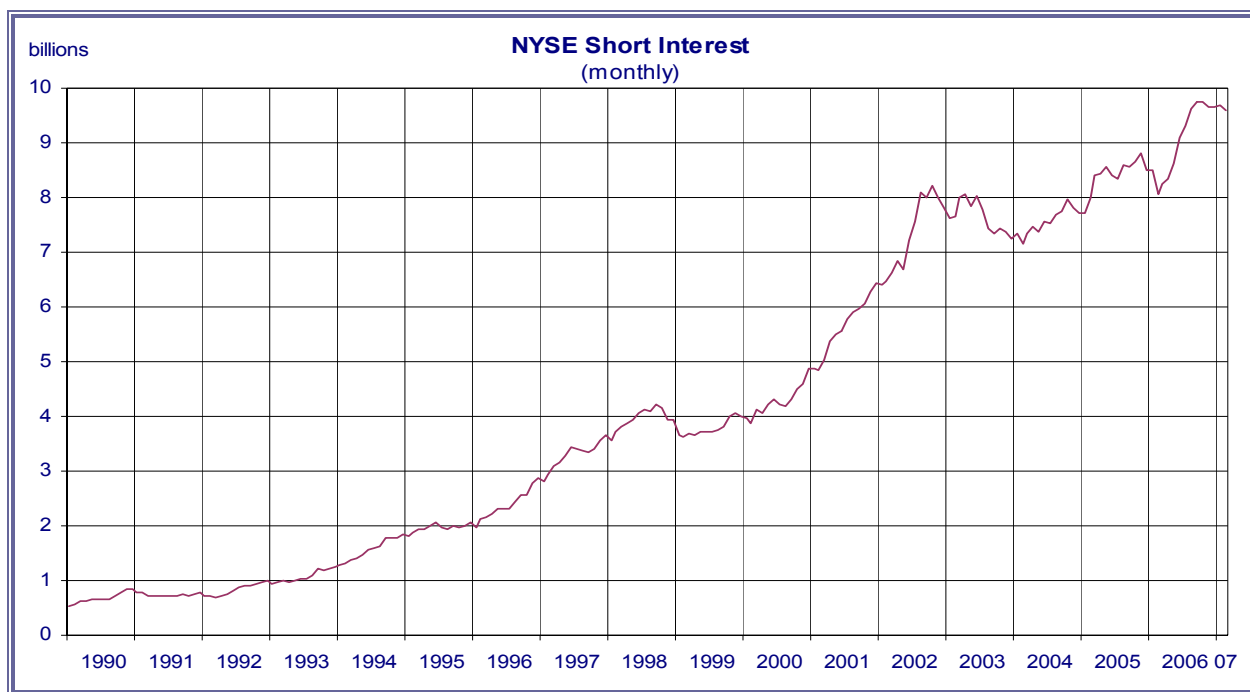
CBOE Volatility Index (VIX)¹ – The Chicago Board Options Exchange Volatility Index, or VIX, ended January at 10.42, down 9.9% from December's level and 19.5% below that of January 2006. The month's lowest recorded level was 9.89 posted on January 24, the lowest intra-month close of the VIX since the December 28, 1993 close of 9.82.



Source: Chicago Board of Options Exchange

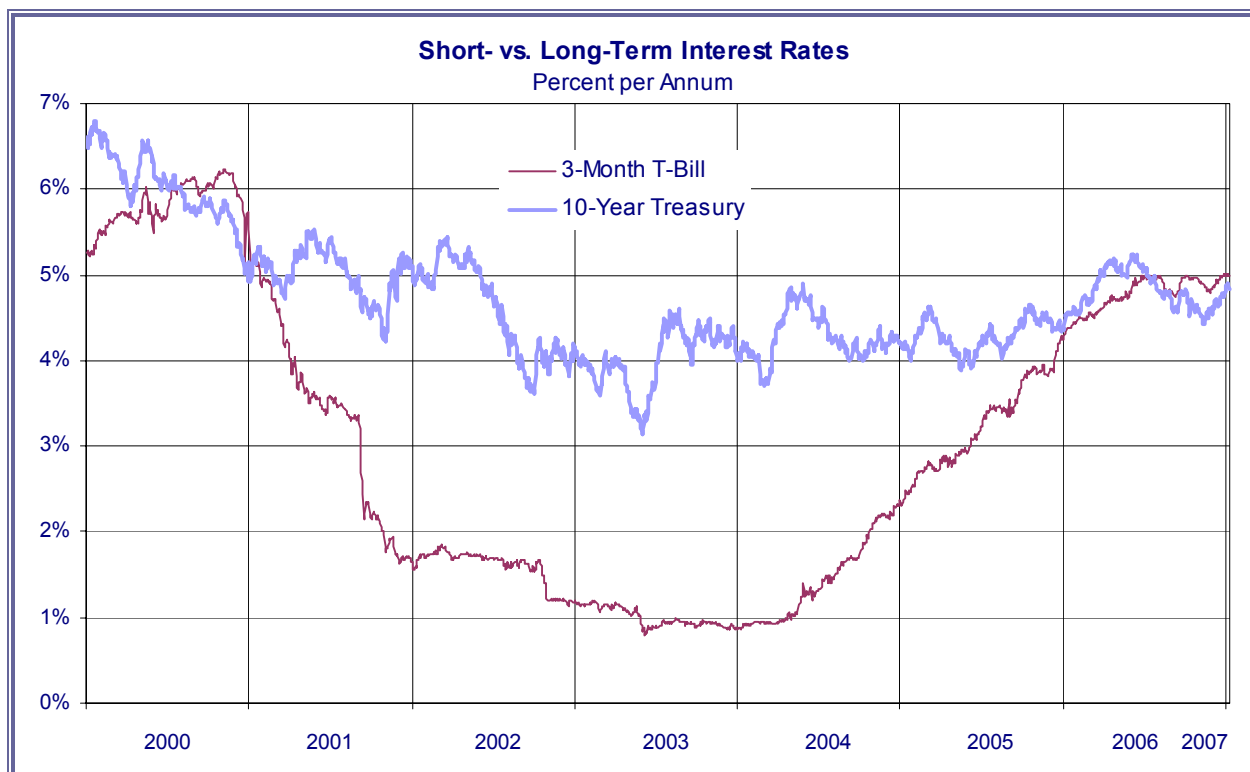
Short Interest – NYSE short interest declined by 0.9% in February. Short-selling activity remained above the nine trillion-share level for the ninth consecutive month, with February 15 short interest at over 9.595 trillion shares, representing 2.6% of the total shares outstanding on the NYSE. The short ratio, or the number of days' average volume represented by the outstanding short positions at the exchange, fell to 6.2 in February after rising to 6.8 in January.

¹ The VIX is an indicator of the degree to which options traders expect the value of the S&P 500 to fluctuate over the next 30 days.



Source: New York Stock Exchange

Interest Rates – The yield curve remained inverted for the sixth consecutive month in January. The 10-year US Treasury bond yield averaged 4.76%, 20 basis point (bps) higher than in December, while the three-month Treasury bill average rose 13 bps to 4.98%. The spread between the average three-month and 10-year yields narrowed to 22 bps, contracting for the third consecutive month from the high of 34 bps set in November 2006. The January average three-month yield rose slightly above the 4.73% recorded in the same year-earlier period, while the 10-year yield's monthly average fell slightly to 4.76% from 4.79%.

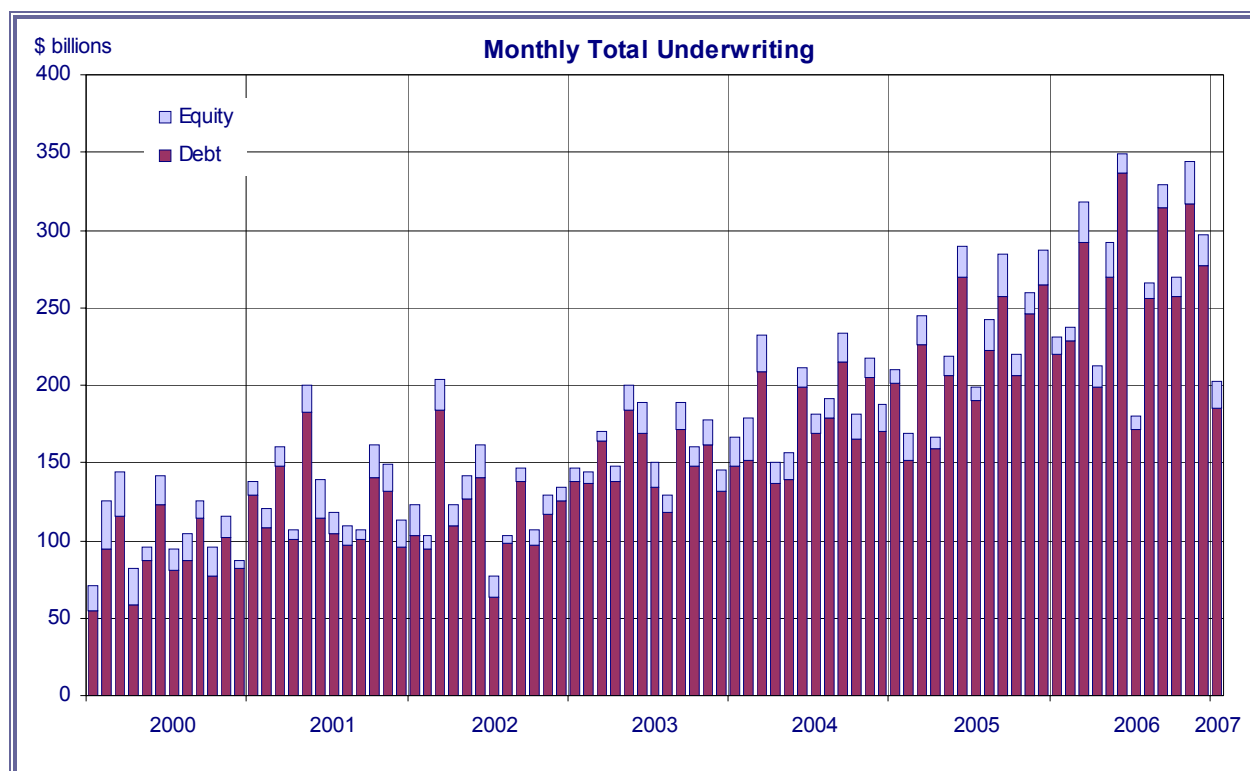


Note: Daily closing yields

Source: Federal Reserve Bank of St. Louis

U.S. Underwriting Activity

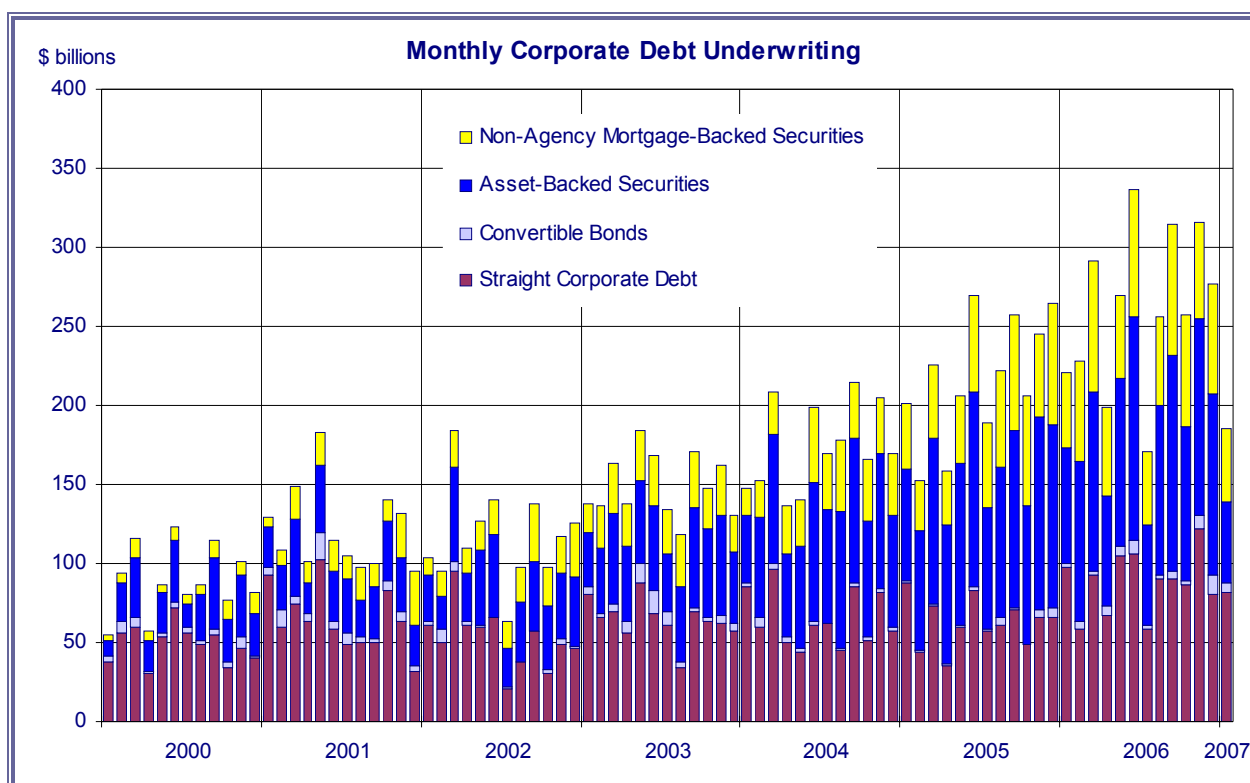
Corporate Underwriting Activity – Underwriting activity decreased in January from December. The dollar value of US corporate underwriting was \$202.7 billion, down 31.7% from December's \$296.9 billion level, which was well below the 2006 monthly average of \$273.9 billion.



Source: Thomson Financial

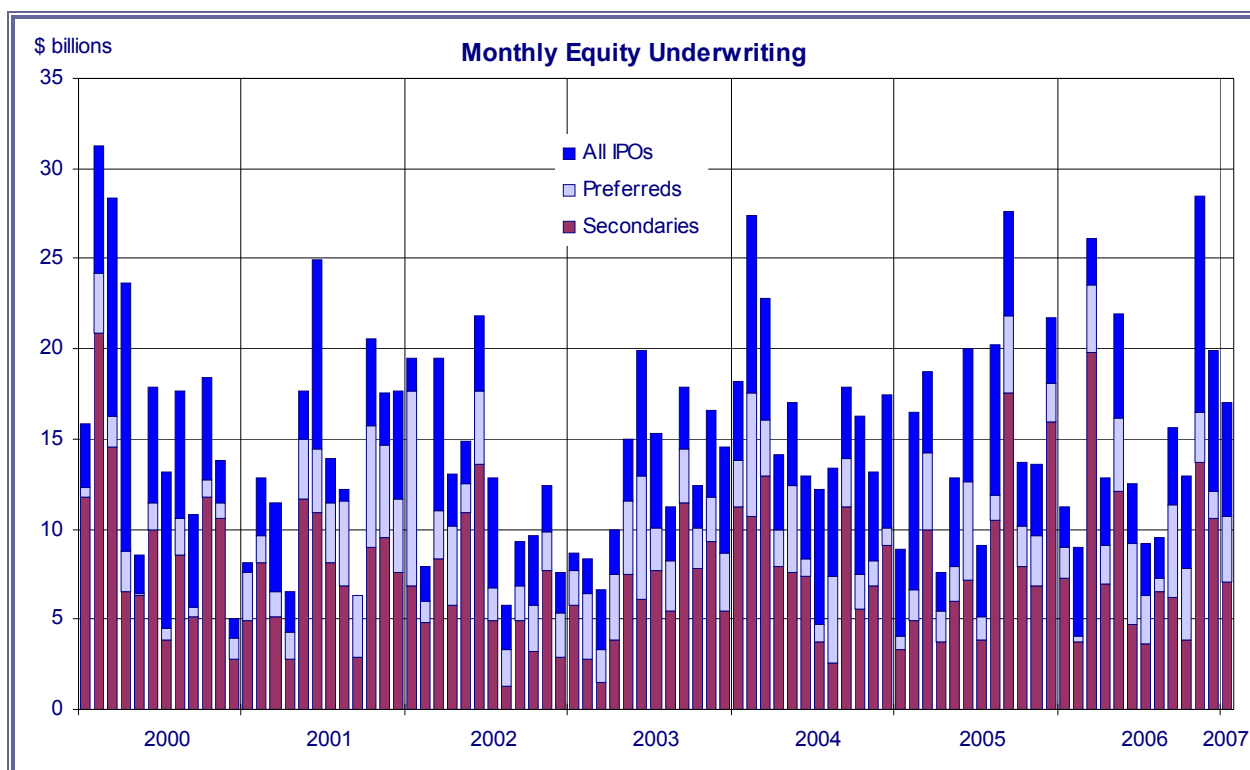
Corporate Debt Underwriting – The total value of corporate debt underwriting dropped by 33% in January from December's total and was well below the record-setting pace of 2006, when the average monthly total was \$261.5 billion. In fact, January's level was the lowest monthly total since July 2006, when \$171.2 billion was issued, and was 15.7% lower than that of the same year-earlier period.

Lower asset-backed securities (ABS) and non-agency mortgage-backed securities (MBS) offerings drove the January totals lower, as ABS issuance dropped 54.7% and MBS dropped 33.6%, from December's levels. Both totals were lower than in any month last year and were off 29.9% and 0.6% for ABS and MBS, respectively, from January 2006. Straight corporate debt issuance was \$81.8 billion in January, up slightly (1.1%) from December, although down 16.1% from the same year-earlier period.



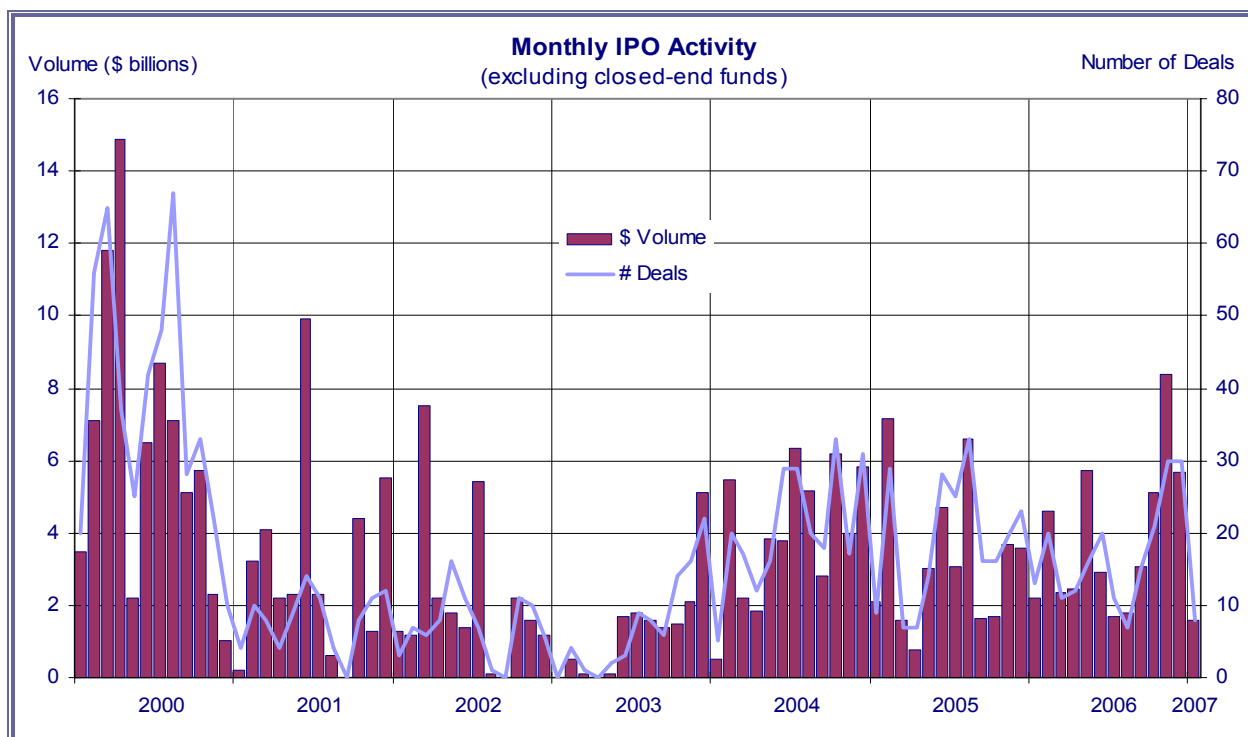
Source: Thomson Financial

Equity Underwriting – Total equity issuance started 2007 reasonably well at \$17.0 billion, a 51.7% increase over January 2006, but a 14.7% decrease from December 2006. Closed-end funds drove the new issue market, accounting for 80% of the dollar volume. Six closed-end fund issues raised \$4.7 billion, representing 27.8% of total equity issuance and the second highest monthly dollar volume recorded after the record set in June 2003, when \$5.3 billion was raised on seven new closed-end funds.



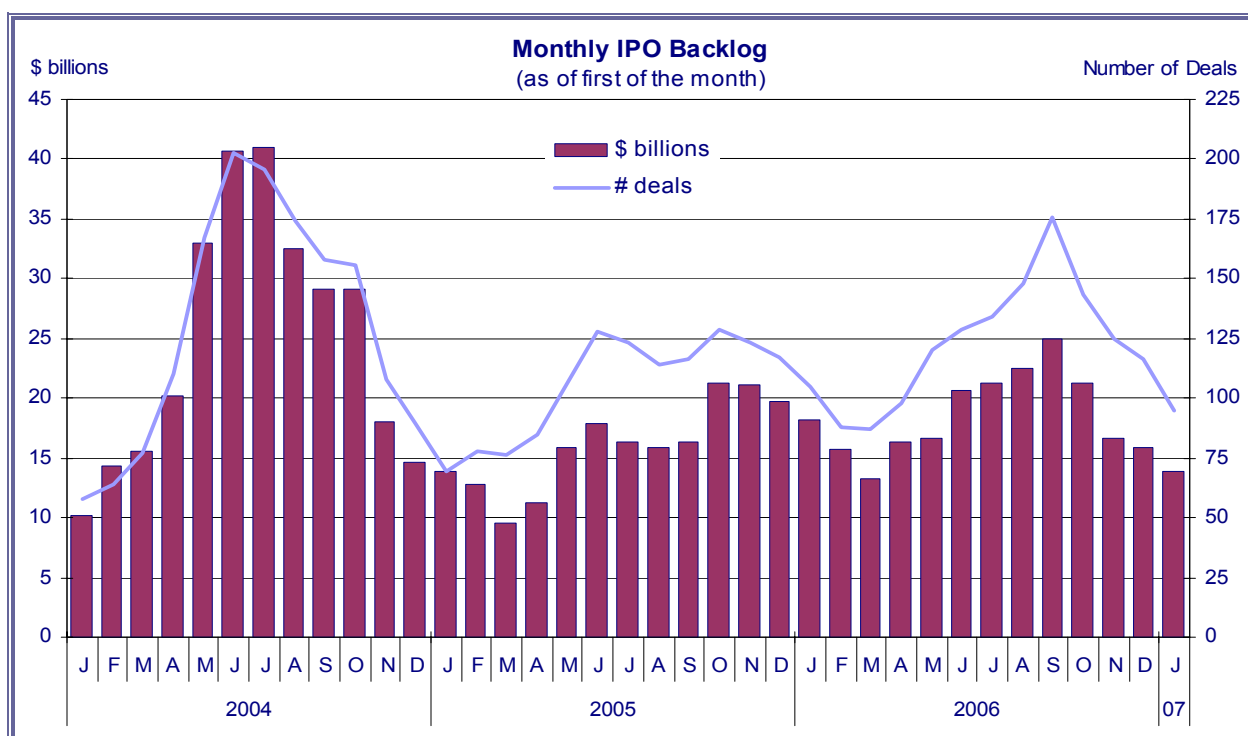
Source: Thomson Financial

Initial Public Offerings (IPOs) – US IPO volume shrank to very low levels in January on a total of eight new issues. The \$1.6 billion raised in “true IPOs” in January was the lowest monthly total in 21 months, when a paltry \$785 million was raised in April 2005 on seven new issues. January “true IPOs” dropped 78.0% from December’s level, when \$5.7 billion was raised on 30 new issues, and was 28.3% below the level recorded in the same year-earlier period.



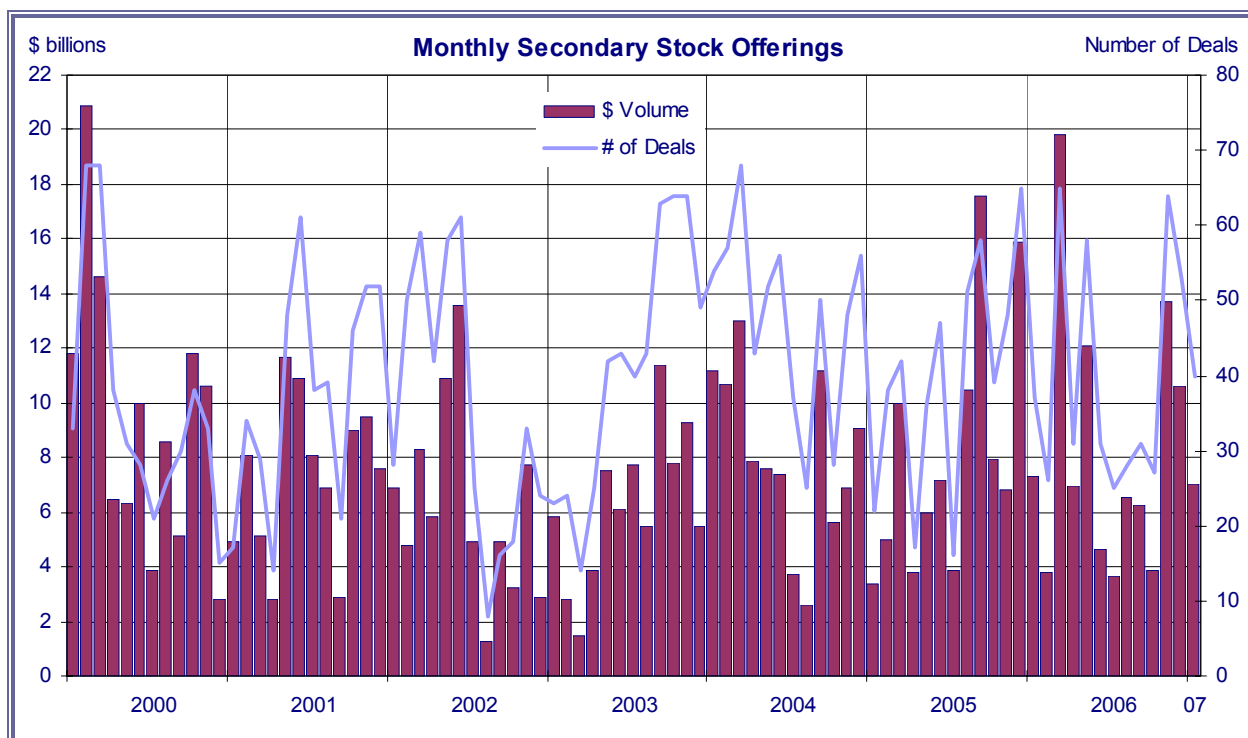
Source: Thomson Financial

IPO Backlog – Continuing its decline from December, the filed IPO backlog fell by \$2.0 billion, or 12.6%. The 95 deals in the pipeline were worth \$13.9 billion as of January 31.



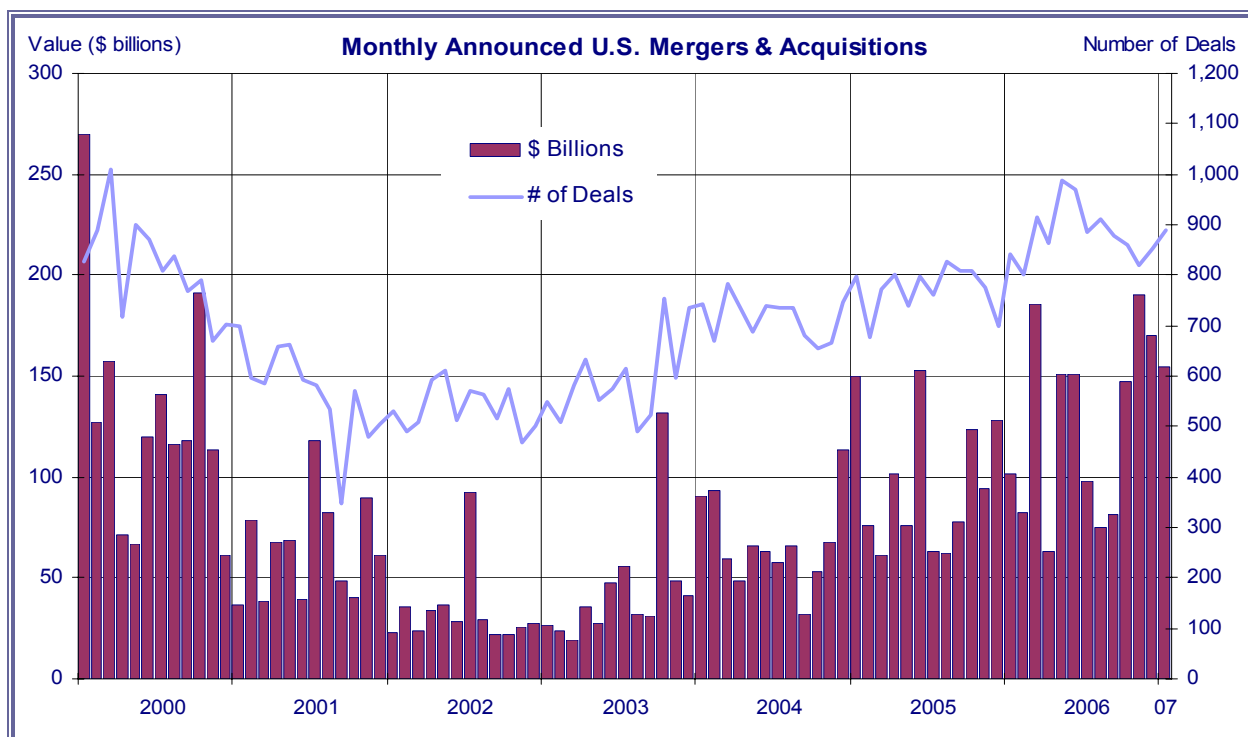
Source: Dealogic

Secondary Common Stock Offerings dollar volume dropped for the third consecutive month to \$7.0 billion in January, down 33.6% from December and 3.6% from January of 2006, when \$7.3 billion was raised.



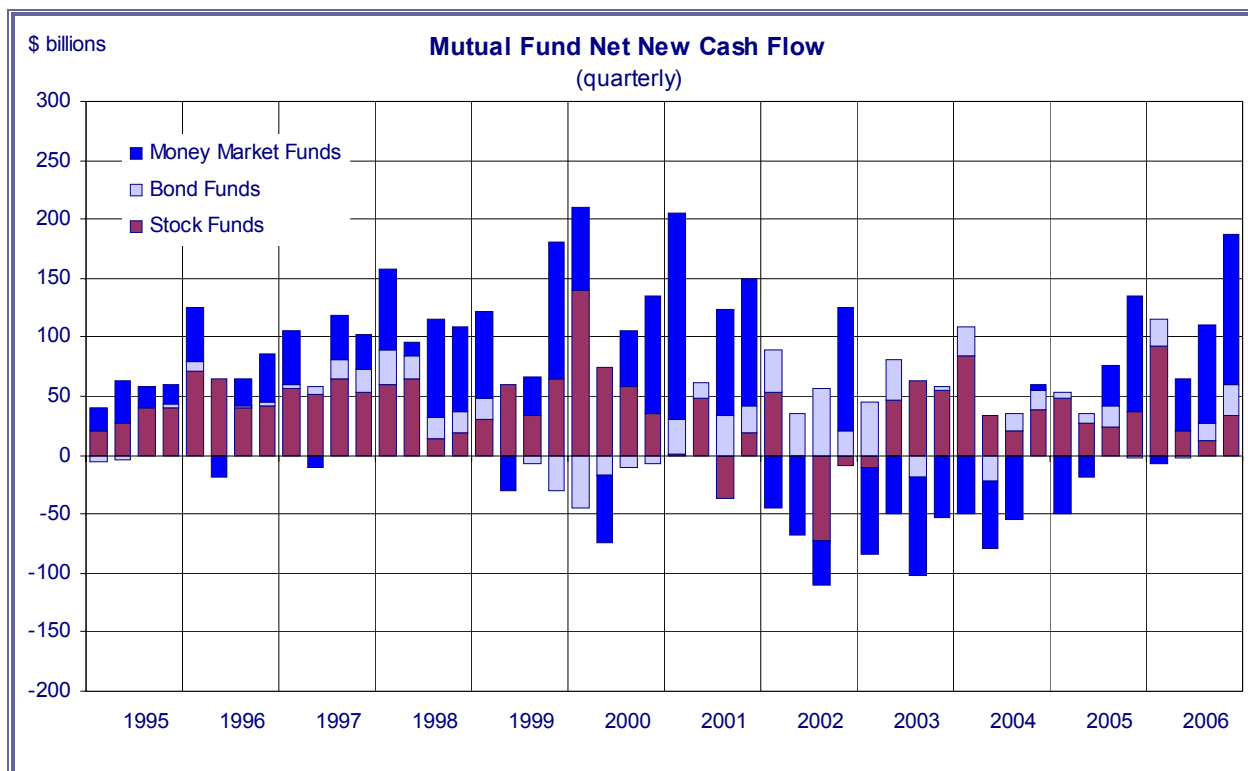
Source: Thomson Financial

Mergers & Acquisitions (M&A) – M&A announced deal dollar volume continued where 2006 left off, with another strong month. January recorded \$154.7 billion, down 8.9% from December, on 889 deals, but 52.6% above January 2006's level, when \$101.4 billion was announced, on 843 deals. If the deal pipeline remains strong and maintains January's pace, 2007 could eclipse the \$1.52 billion announced in 2006.



Source: Thomson Financial

Mutual Funds – Total mutual fund assets grew to \$10.41 trillion in the fourth quarter, up 7.1% from 3Q'06 and 16.9% from year-end 2005. Net new cash flow grew by 72.5% in 4Q'06, with equity, bond and hybrid funds up 175.6%, 80.3%, and 595.4%, respectively, while money market mutual fund net new cash flow rose 51.2%. Net new cash flows into mutual funds were \$476.1 billion for 2006 as a whole, up 86.6% above that of 2005, with over half of all inflows, \$247.5 billion, coming into money market funds.



Source: Investment Company Institute

Charles M. Bartlett, Jr.
 Vice President and Director, Statistics

U.S. CORPORATE UNDERWRITING ACTIVITY

(\$ Billions)

	Straight Corporate Debt	Con- vertible Debt	Asset- Backed Debt	Non- Agency MBS	TOTAL DEBT	Common Stock	Pre- ferred Stock	TOTAL EQUITY	All IPOs	"True" IPOs	Second- aries	TOTAL UNDER- WRITINGS
1985	66.5	6.2	1.2	23.7	97.6	24.7	8.6	33.3	8.5	8.4	16.2	138.0
1986	134.9	9.8	10.0	62.2	216.9	43.2	13.9	57.1	22.3	18.1	20.9	284.8
1987	108.5	10.3	8.9	83.3	211.0	41.5	11.4	52.9	24.0	14.3	17.5	272.3
1988	99.2	4.1	14.3	83.5	201.1	29.7	7.6	37.3	23.6	5.7	6.1	274.5
1989	101.1	5.8	22.2	35.1	164.2	22.9	7.7	30.6	13.7	6.1	9.2	305.5
1990	76.5	5.5	43.6	43.2	168.8	19.2	4.7	23.9	10.1	4.5	9.0	312.3
1991	160.4	9.4	52.2	59.2	281.2	56.0	19.9	75.9	25.1	16.4	30.9	587.4
1992	239.6	8.4	55.8	82.5	386.3	72.5	29.3	101.8	39.6	24.1	32.9	855.7
1993	339.7	15.2	62.6	117.7	535.2	102.4	28.4	130.8	57.4	41.3	45.0	1,063.4
1994	222.2	12.2	81.7	73.7	389.8	61.4	15.5	76.9	33.7	28.3	27.7	716.4
1995	279.8	12.0	113.1	36.5	441.4	82.0	15.1	97.1	30.2	30.0	51.8	722.4
1996	342.7	21.3	168.4	51.9	584.3	115.5	36.5	151.9	50.0	49.9	65.5	979.0
1997	466.0	26.0	223.1	69.4	784.5	120.2	33.3	153.4	44.2	43.2	75.9	1,317.3
1998	610.9	17.9	286.6	191.9	1,107.3	115.0	37.8	152.7	43.7	36.6	71.2	1,868.3
1999	629.2	26.9	287.1	140.5	1,083.7	164.3	27.5	191.7	66.8	64.3	97.5	1,959.8
2000	587.5	49.6	337.0	102.1	1,076.2	189.1	15.4	204.5	76.1	75.8	112.9	1,851.0
2001	776.1	78.3	383.3	216.5	1,454.2	128.4	41.3	169.7	40.8	36.0	87.6	2,535.1
2002	635.4	30.5	469.2	263.9	1,399.0	116.4	37.6	154.0	41.2	25.8	75.2	2,581.1
2003	775.1	72.7	600.2	345.3	1,793.3	118.5	37.8	156.3	43.7	15.9	74.8	2,889.9
2004	779.9	32.5	869.8	403.8	2,086.0	169.6	33.2	202.7	72.8	47.9	96.7	2,859.0
2005	750.8	30.1	1,172.1	645.7	2,598.7	160.5	29.9	190.4	62.6	39.6	97.8	3,210.7
2006	1,054.4	63.1	1,249.6	770.6	3,137.7	154.9	33.1	188.0	55.7	45.9	99.1	3,287.1
2006												
Jan	97.5	2.3	73.6	46.9	220.3	9.6	1.6	11.2	2.3	2.2	7.3	231.5
Feb	58.1	5.4	100.9	64.2	228.6	8.8	0.2	9.0	5.0	4.6	3.8	237.6
Mar	92.6	2.5	112.9	83.4	291.4	22.4	3.7	26.1	2.5	2.3	19.8	317.5
Apr	66.5	6.5	69.5	56.5	199.0	10.8	2.1	12.9	3.8	2.4	7.0	211.9
May	104.7	6.4	106.5	51.9	269.5	17.8	4.1	21.9	5.7	5.7	12.1	291.4
June	106.3	8.0	141.7	80.7	336.7	7.9	4.6	12.5	3.3	2.9	4.7	349.2
July	58.1	2.6	63.7	46.8	171.2	6.4	2.7	9.2	2.8	1.7	3.6	180.4
Aug	90.7	2.0	107.7	56.1	256.5	8.8	0.8	9.6	2.3	1.8	6.5	266.1
Sept	89.9	5.4	136.5	82.3	314.1	10.6	5.1	15.7	4.4	3.0	6.3	329.8
Oct	86.7	2.1	97.9	70.4	257.1	9.0	4.0	13.0	5.2	5.1	3.9	270.1
Nov	122.4	8.0	124.7	61.1	316.2	25.8	3.0	28.8	12.0	8.4	13.8	345.0
Dec	80.9	11.9	114.0	70.2	277.0	18.5	1.5	19.9	7.9	5.7	10.6	296.9
2007												
Jan	81.8	5.7	51.6	46.6	185.7	13.3	3.6	17.0	6.3	1.6	7.0	202.7
Feb												
Mar												
Apr												
May												
June												
July												
Aug												
Sept												
Oct												
Nov												
Dec												
YTD '06	97.5	2.3	73.6	46.9	220.3	9.6	1.6	11.2	2.3	2.2	7.3	231.5
YTD '07	81.8	5.7	51.6	46.6	185.7	13.3	3.6	17.0	6.3	1.6	7.0	202.7
% Change	-16.1%	147.8%	-29.9%	-0.6%	-15.7%	39.5%	123.3%	51.7%	178.9%	-28.3%	-3.6%	-12.4%

Notes: IPOs and secondaries are subsets of common stock. "True" IPOs exclude closed-end funds.

Non-agency MBS underwriting includes residential and commercial mortgage-backed securities issued by private institutions.

Source: Thomson Financial

MUNICIPAL BOND UNDERWRITINGS

(\$ Billions)

INTEREST RATES

(Averages)

	Com- petitive Revenue Bonds	Nego- tiated Revenue Bonds	TOTAL REVENUE BONDS	Com- petitive G.O.s	Nego- tiated G.O.s	TOTAL G.O.s	Private Place- ments	TOTAL MUNI- CIPAL BONDS	3-Mo. T Bills	10-Year Treasuries	SPREAD
1985	10.2	151.5	161.7	17.6	22.1	39.7	5.5	206.9	7.47	10.62	3.15
1986	10.0	92.7	102.7	23.0	21.9	44.9	3.0	150.6	5.97	7.68	1.71
1987	7.1	63.6	70.7	16.3	14.1	30.4	3.9	105.0	5.78	8.39	2.61
1988	7.8	76.7	84.5	18.8	12.0	30.8	2.3	117.6	6.67	8.85	2.18
1989	8.9	75.2	84.1	20.7	17.0	37.7	3.2	125.0	8.11	8.49	0.38
1990	7.6	78.1	85.7	22.6	17.6	40.2	2.1	128.0	7.50	8.55	1.05
1991	11.1	101.5	112.6	29.1	27.9	57.0	3.2	172.8	5.38	7.86	2.48
1992	12.5	138.7	151.2	31.7	48.7	80.4	3.2	234.8	3.43	7.01	3.58
1993	20.8	177.3	198.1	34.8	56.9	91.7	2.7	292.5	3.00	5.87	2.87
1994	17.2	89.7	106.9	32.2	23.1	55.3	2.9	165.1	4.25	7.09	2.84
1995	13.5	84.0	97.5	27.3	32.9	60.2	3.9	161.6	5.49	6.57	1.08
1996	15.7	101.4	117.1	31.3	33.1	64.4	3.7	185.2	5.01	6.44	1.43
1997	12.4	129.5	141.9	35.4	36.8	72.2	6.6	220.7	5.06	6.35	1.29
1998	21.4	165.8	187.2	43.9	49.6	93.5	6.1	286.8	4.78	5.26	0.48
1999	14.4	134.2	148.6	38.4	32.4	70.8	8.1	227.5	4.64	5.65	1.01
2000	13.3	115.0	128.3	35.3	31.0	66.3	6.2	200.8	5.82	6.03	0.21
2001	17.3	165.9	183.2	45.8	55.6	101.4	3.1	287.7	3.39	5.02	1.63
2002	19.5	209.9	229.4	52.3	73.1	125.4	2.7	357.5	1.60	4.61	3.01
2003	21.8	216.4	238.2	54.0	86.6	140.6	3.9	382.7	1.01	4.02	3.00
2004	17.3	210.5	227.8	51.5	77.6	129.1	2.9	359.8	1.37	4.27	2.90
2005	20.6	241.8	262.4	55.5	88.5	144.0	1.8	408.2	3.15	4.29	1.15
2006	21.0	246.8	267.8	48.6	65.9	114.5	4.4	386.7	4.73	4.79	0.06
2006											
Jan	0.7	10.5	11.2	3.4	3.9	7.3	0.1	18.6	4.24	4.42	0.18
Feb	1.6	12.2	13.8	3.2	5.9	9.1	0.2	23.1	4.43	4.57	0.14
Mar	1.2	16.2	17.4	4.2	5.4	9.6	0.1	27.1	4.51	4.72	0.21
Apr	2.2	19.7	21.9	2.8	4.2	7.0	0.3	29.2	4.60	4.99	0.39
May	2.6	22.7	25.3	3.9	5.6	9.5	0.2	35.0	4.72	5.11	0.39
June	2.8	30.1	32.9	4.7	7.4	12.1	0.3	45.3	4.79	5.11	0.32
July	1.1	19.7	20.8	4.0	2.9	6.9	0.3	28.0	4.95	5.09	0.14
Aug	1.2	19.5	20.7	3.2	7.7	10.9	0.1	31.7	4.96	4.88	-0.08
Sept	1.9	15.7	17.6	5.2	4.1	9.3	1.0	27.9	4.81	4.72	-0.09
Oct	2.0	18.2	20.2	4.8	6.0	10.8	0.3	31.3	4.92	4.73	-0.19
Nov	2.6	28.2	30.8	5.2	5.6	10.8	0.4	42.0	4.94	4.60	-0.34
Dec	1.1	34.1	35.2	4.0	7.2	11.2	1.1	47.5	4.85	4.56	-0.29
2007											
Jan	1.5	19.4	20.9	4.2	6.8	11.0	0.0	31.9	4.98	4.76	-0.22
Feb											
Mar											
Apr											
May											
June											
July											
Aug											
Sept											
Oct											
Nov											
Dec											
YTD '06	0.7	10.5	11.2	3.4	3.9	7.3	0.1	18.6	4.73	4.79	0.06
YTD '07	1.5	19.4	20.9	4.2	6.8	11.0	0.0	31.9	4.98	4.76	-0.22
% Change	114.3%	84.8%	86.6%	23.5%	74.4%	50.7%	-77.0%	71.6%	5.4%	-0.7%	-438.5%

Note: Municipal private placements occur when the investment banker offers the securities directly to investors, without the participation of the general investing public.
Sources: Thomson Financial; Federal Reserve

STOCK MARKET PERFORMANCE INDICES

(End of Period)

STOCK MARKET VOLUME

(Daily Avg., Mils. of Shs.)

VALUE TRADED

(Daily Avg., \$ Bils.)

	Dow Jones Industrial Average	S&P 500	NYSE Composite	NASDAQ Composite	NYSE	AMEX	NASDAQ	NYSE	NASDAQ
1985	1,546.67	211.28	1,285.66	324.93	109.2	8.3	82.1	3.9	0.9
1986	1,895.95	242.17	1,465.31	348.83	141.0	11.8	113.6	5.4	1.5
1987	1,938.83	247.08	1,461.61	330.47	188.9	13.9	149.8	7.4	2.0
1988	2,168.57	277.72	1,652.25	381.38	161.5	9.9	122.8	5.4	1.4
1989	2,753.20	353.40	2,062.30	454.82	165.5	12.4	133.1	6.1	1.7
1990	2,633.66	330.22	1,908.45	373.84	156.8	13.2	131.9	5.2	1.8
1991	3,168.83	417.09	2,426.04	586.34	178.9	13.3	163.3	6.0	2.7
1992	3,301.11	435.71	2,539.92	676.95	202.3	14.2	190.8	6.9	3.5
1993	3,754.09	466.45	2,739.44	776.80	264.5	18.1	263.0	9.0	5.3
1994	3,834.44	459.27	2,653.37	751.96	291.4	17.9	295.1	9.7	5.8
1995	5,117.12	615.93	3,484.15	1,052.13	346.1	20.1	401.4	12.2	9.5
1996	6,448.27	740.74	4,148.07	1,291.03	412.0	22.1	543.7	16.0	13.0
1997	7,908.25	970.43	5,405.19	1,570.35	526.9	24.4	647.8	22.8	17.7
1998	9,181.43	1,229.23	6,299.93	2,192.69	673.6	28.9	801.7	29.0	22.9
1999	11,497.12	1,469.25	6,876.10	4,069.31	808.9	32.7	1,081.8	35.5	43.7
2000	10,786.85	1,320.28	6,945.57	2,470.52	1,041.6	52.9	1,757.0	43.9	80.9
2001	10,021.50	1,148.08	6,236.39	1,950.40	1,240.0	65.8	1,900.1	42.3	44.1
2002	8,341.63	879.82	5,000.00	1,335.51	1,441.0	63.7	1,752.8	40.9	28.8
2003	10,453.92	1,111.92	6,440.30	2,003.37	1,398.4	67.1	1,685.5	38.5	28.0
2004	10,783.01	1,211.92	7,250.06	2,175.44	1,456.7	66.0	1,801.3	46.1	34.6
2005	10,717.50	1,248.29	7,753.95	2,205.32	1,602.2	63.5	1,778.5	56.1	39.5
2006	12,463.15	1,418.30	9,139.02	2,415.29	1,421.9	70.8	1,814.4	43.4	33.4
2006									
Jan	10,864.86	1,280.08	8,106.55	2,305.82	1,956.9	81.4	2,170.7	72.4	55.0
Feb	10,993.41	1,280.66	8,060.61	2,281.39	1,815.2	77.4	2,014.0	68.8	48.8
Mar	11,109.32	1,294.83	8,233.20	2,339.79	1,740.3	75.0	2,135.2	65.2	47.6
Apr	11,367.14	1,310.61	8,471.43	2,322.57	1,775.5	92.0	2,138.7	69.0	49.3
May	11,168.31	1,270.09	8,189.11	2,178.88	1,986.9	92.5	2,163.6	77.3	49.6
June	11,150.22	1,270.20	8,169.07	2,172.09	2,006.2	82.3	2,087.4	73.5	45.6
July	11,185.68	1,276.66	8,242.12	2,091.47	1,797.6	60.1	1,894.6	65.3	42.2
Aug	11,381.15	1,303.82	8,388.56	2,183.75	1,614.2	50.9	1,710.3	57.4	36.9
Sept	11,679.07	1,335.85	8,469.65	2,258.43	1,787.3	55.2	1,942.0	65.8	44.3
Oct	12,080.73	1,377.94	8,774.98	2,366.71	1,852.5	54.0	2,018.8	69.8	48.0
Nov	12,221.93	1,400.63	8,969.00	2,431.77	1,901.2	57.6	1,940.0	71.3	48.3
Dec	12,463.15	1,418.30	9,139.02	2,415.29	1,687.7	54.5	1,816.2	64.3	43.7
2007									
Jan	12,621.69	1,438.24	9,254.73	2,463.93	2,006.3	54.2	2,221.5	78.7	56.9
Feb									
Mar									
Apr									
May									
June									
July									
Aug									
Sept									
Oct									
Nov									
Dec									
YTD '06	10,864.86	1,280.08	8,106.55	2,305.82	1,956.9	81.4	2,170.7	72.4	55.0
YTD '07	12,621.69	1,438.24	9,254.73	2,463.93	2,006.3	54.2	2,221.5	78.7	56.9
% Change	16.2%	12.4%	14.2%	6.9%	2.5%	-33.4%	2.3%	8.7%	3.5%

MUTUAL FUND ASSETS

(\$ Billions)

MUTUAL FUND NET NEW CASH FLOW

(\$ Billions)

	Equity	Hybrid	Bond	Money Market	TOTAL ASSETS	Equity	Hybrid	Bond	Money Market	TOTAL	Total Long-Term Funds
1985	116.9	12.0	122.6	243.8	495.4	8.5	1.9	63.2	-5.4	68.2	73.6
1986	161.4	18.8	243.3	292.2	715.7	21.7	5.6	102.6	33.9	163.8	129.9
1987	180.5	24.2	248.4	316.1	769.2	19.0	4.0	6.8	10.2	40.0	29.8
1988	194.7	21.1	255.7	338.0	809.4	-16.1	-2.5	-4.5	0.1	-23.0	-23.1
1989	248.8	31.8	271.9	428.1	980.7	5.8	4.2	-1.2	64.1	72.8	8.8
1990	239.5	36.1	291.3	498.3	1,065.2	12.8	2.2	6.2	23.2	44.4	21.2
1991	404.7	52.2	393.8	542.5	1,393.2	39.4	8.0	58.9	5.5	111.8	106.3
1992	514.1	78.0	504.2	546.2	1,642.5	78.9	21.8	71.0	-16.3	155.4	171.7
1993	740.7	144.5	619.5	565.3	2,070.0	129.4	39.4	73.3	-14.1	228.0	242.1
1994	852.8	164.5	527.1	611.0	2,155.4	118.9	20.9	-64.6	8.8	84.1	75.2
1995	1,249.1	210.5	598.9	753.0	2,811.5	127.6	5.3	-10.5	89.4	211.8	122.4
1996	1,726.1	252.9	645.4	901.8	3,526.3	216.9	12.3	2.8	89.4	321.3	232.0
1997	2,368.0	317.1	724.2	1,058.9	4,468.2	227.1	16.5	28.4	102.1	374.1	272.0
1998	2,978.2	364.7	830.6	1,351.7	5,525.2	157.0	10.2	74.6	235.3	477.1	241.8
1999	4,041.9	383.2	808.1	1,613.1	6,846.3	187.7	-12.4	-5.5	193.6	363.4	169.8
2000	3,962.0	346.3	811.1	1,845.2	6,964.7	309.4	-30.7	-49.8	159.6	388.6	228.9
2001	3,418.2	346.3	925.1	2,285.3	6,975.0	31.9	9.5	87.7	375.6	504.8	129.2
2002	2,667.0	327.4	1,124.9	2,272.0	6,391.3	-27.7	8.6	140.3	-46.7	74.5	121.2
2003	3,684.8	436.7	1,240.9	2,051.7	7,414.1	152.3	32.6	31.0	-258.5	-42.6	215.8
2004	4,384.0	519.3	1,290.4	1,913.2	8,106.9	177.9	42.7	-10.8	-156.6	53.2	209.8
2005	4,940.0	567.3	1,357.4	2,040.5	8,905.2	135.5	25.2	31.3	63.1	255.2	192.0
2006	5,909.6	653.8	1,494.9	2,355.3	10,413.6	160.7	7.0	60.8	247.5	476.1	228.6
2006											
Jan	5,196.4	581.1	1,375.4	2,040.4	9,193.3	31.6	-0.1	8.3	-4.4	35.3	39.7
Feb	5,198.1	582.5	1,389.3	2,051.0	9,220.9	27.3	0.8	8.7	5.5	42.3	36.8
Mar	5,340.5	588.1	1,384.6	2,048.5	9,361.7	34.4	0.6	5.3	-8.3	32.0	40.2
Apr	5,473.9	596.5	1,389.6	2,027.2	9,487.2	26.3	0.3	0.9	-27.1	0.5	27.6
May	5,262.3	586.1	1,386.3	2,081.9	9,316.6	3.2	-0.2	-2.6	50.8	51.3	0.5
June	5,255.4	585.5	1,387.1	2,108.4	9,336.4	-8.6	-0.5	-0.4	19.8	10.3	-9.5
July	5,237.1	591.5	1,406.5	2,141.8	9,376.9	0.7	-0.1	3.2	25.8	29.7	3.9
Aug	5,361.5	602.8	1,430.9	2,189.5	9,584.7	5.1	0.2	6.6	42.9	54.8	11.9
Sept	5,460.9	613.0	1,444.0	2,209.0	9,726.9	6.6	0.6	4.6	15.4	27.2	11.8
Oct	5,670.3	633.2	1,465.4	2,246.8	10,015.7	12.7	1.6	10.4	30.8	55.6	24.7
Nov	5,836.3	647.2	1,487.9	2,310.0	10,281.4	10.8	2.0	6.9	54.8	74.5	19.6
Dec	5,909.6	653.8	1,494.9	2,355.3	10,413.6	10.7	1.7	8.8	41.5	62.7	21.2
2007											
Jan											
Feb											
Mar											
Apr											
May											
June											
July											
Aug											
Sept											
Oct											
Nov											
Dec											
YTD '05	4,940.0	567.3	1,357.4	2,040.5	8,905.2	135.5	25.2	31.3	63.1	255.2	192.0
YTD '06	5,909.6	653.8	1,494.9	2,355.3	10,413.6	160.7	7.0	60.8	247.5	476.1	228.6
% Change	19.6%	15.2%	10.1%	15.4%	16.9%	18.6%	-72.1%	94.3%	292.0%	86.6%	19.0%

Note: Mutual fund net new cash flow equals new sales (excluding reinvested dividends) minus redemptions, combined with net exchanges.

Source: Investment Company Institute



SIFMA

Securities Industry and
Financial Markets Association