LPL Financial Research

Crisis Conditions Index

April 22, 2009

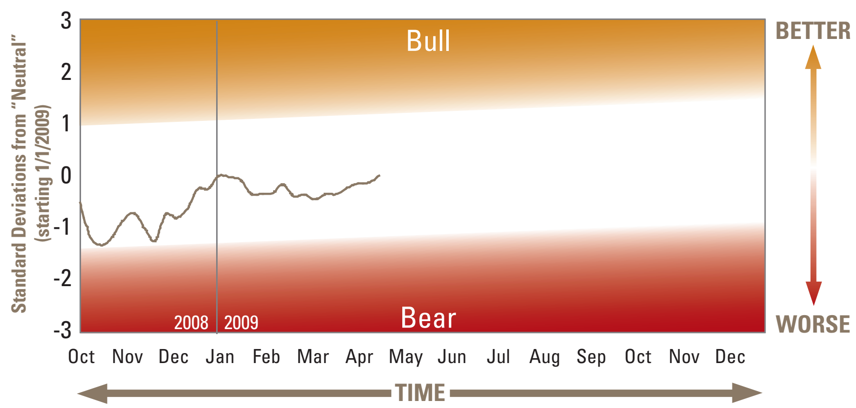
Overview

The LPL Financial Crisis Conditions Index is a weekly measure of the conditions that underpin our outlook for the markets and economy in 2009. We will publish this weekly index over the course of 2009 to provide real-time context and insight into the trends that shape our recommended actions to manage portfolios. We expect this index will become a useful tool to describe the conditions most relevant to investment decision making in 2009.

This weekly index is not intended to be a leading index or predictive of where conditions are headed, but merely a coincident measure of where they are right now. We want to track the conditions in real-time to aid in investment decision making. There are thousands of indicators- some lead the economy, some lag, while others merely offer a lot of statistical noise. We chose to create our own index tailored to the current environment to provide the clearest and most useful way to track how conditions are aligned with the expectations embedded in our investment recommendations.

The LPL Financial Crisis Conditions Index improved over the past week extending the trend of improvement since the start of March. The improvement in conditions has been mirrored in the stock and bond market. The CCI is now inline with where it started the year – aligned with our base case for the economy and forecast for modest gains in stocks and bonds this year.

LPL Research Crisis Conditions Index



Source: LPL Financial

Last week's improving components of the CCI included:

- Narrowing credit spreads - generally better than expected first quarter earnings results bolstered the confidence of bond investors.
- Decline in the VIX - the outlook for stock market volatility has moderated.
- Resilient retail sales - chain store sales tracked by the International Council of Shopping Centers were down only -0.1% from a year ago.
- Surging mortgage applications - conforming mortgage rates are below 5% and at all time lows.
- Consumer confidence – consumer sentiment improved along with an outlook for rising inflation suggesting consumers may no longer be willing to delay purchases in anticipation of lower prices for durable goods purchases such as homes and autos.

Initial jobless claims have reflected some modest improvement in the past two weeks, but remain the weakest component of the CCI since the start of the year.

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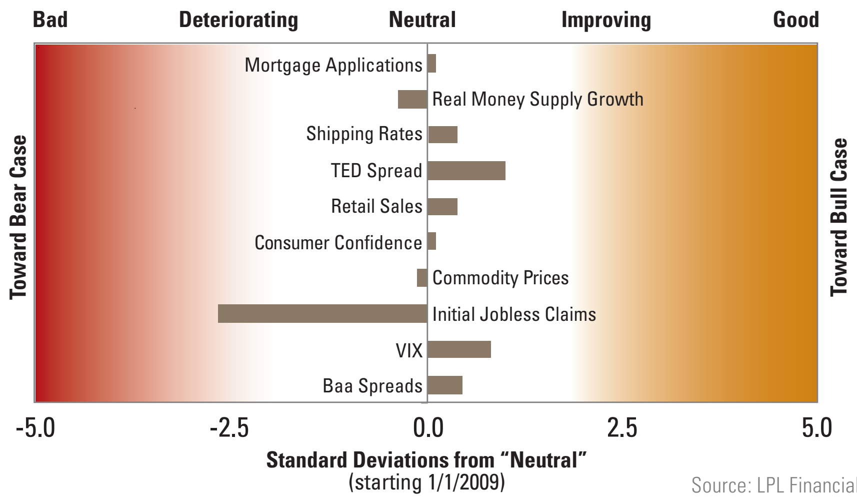
LPL RESEARCH CRISIS CONDITIONS INDEX COMPONENTS

Component of CCI Index	This Week	One Week Ago	Four Weeks Ago
BAA Spreads	0.4	0.1	-0.3
VIX	0.8	0.4	-1.0
Initial Jobless Claims	-2.7	-2.7	-2.7
Commodities	-0.1	-0.1	-0.1
Confidence	0.1	-0.1	0.0
Retail Sales	0.4	0.2	-0.3
TED Spread	1.0	1.0	0.9
Shipping Rates	0.4	0.3	0.4
Real Money Supply Growth	-0.4	-0.4	-0.4
Mortgage Applications	0.1	-0.1	0.1
CCI	**0.0**	**-0.1**	**-0.3**

Source: LPL Financial



Source: LPL Financial

IMPORTANT DISCLOSURES

The opinions voiced in this material are for general information only and are not intended to provide or be construed as providing specific investment advice or recommendations for any individual. To determine which investments may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly.

The fast price swings of commodities will result in significant volatility in an investor's holding.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and are subject to availability and change in price.

Stock investing involves risk including loss of principal.

High Yield/Junk Bonds are not investment grade securities, involve substantial risks and generally should be part of the diversified portfolio of sophisticated investors.