Weekly Capital Markets

March 1, 2010

AVIVA INVESTORS

Market Review

The Week in Review

Economic Releases for the Week Ending 2/26/10	**Consensus	Actual	Prior Period
Dec. Case-Schiller Index	-3.1%	-3.1%	-5.3%
Jan. Durable Goods Orders	1.5%	3.0%	1.9%
Q4 GDP	5.7%	5.9%	5.7%

Global equity markets moved lower as growing concern over the strength of the economic recovery enticed investors to the safety of Treasuries. The U.S. S&P 500 fell -0.42% on the week and is down -0.95% for the year, while the yield on the benchmark U.S. Treasury plummeted 16 basis points from 3.77% to 3.61%. Bond prices rose in response to reassurances from the Federal Reserve that rates will remain low for an "extended period" and due to weaker economic data.

On the economic front, there was plenty of information released related to housing, consumer confidence, and economic growth. The December Case-Schiller index matched expectations and showed that home prices in 20 metropolitan areas rose 0.32% month-over-month, but were -3.08% lower year-over-year. January new home sales were much weaker than expected, having fallen -11.2% versus expectations for an increase of 3.5%, while existing home sales followed December's -16.2% decline with another drop of -7.2%. January durable goods orders were better than expected, having climbed 3.0% compared to expectations for an increase of 1.5%. Excluding transportation however, orders for durables actually fell -0.6%. Consumer confidence unexpectedly dropped more than ten points, from 56.5 to 46.0, in February. The number disappointed investors and was likely driven by the continued struggles in the job market. Finally, fourth quarter gross domestic product (GDP) was revised slightly higher, from 5.7% to 5.9%, driven by a broad number of factors.

The Week Ahead

Economic Releases for the Week Ending 3/1/10	**Consensus	Prior Period
Feb. Manufacturing ISM	57.5	58.4
Feb. Non-Farm Payrolls	-50k	-20k
Feb. Unemployment Rate	9.7%	9.8%

The week ahead is packed with top-tier economic data including February's employment report, the ISM indices, and vehicle sales reports. Despite an increase in temporary hirings for the census, economists expect that the economy lost another 50,000 jobs in February. That job loss would be consistent with the number of initial jobless claims, which have been rising. The unemployment rate is also expected to tick back up to 9.8% after an abnormal drop of 0.3% in January. The February ISM indices will also be released and are expected to remain relatively unchanged. The manufacturing ISM index is expected to remain in the expansionary stage for the seventh consecutive month. The index is expected to fall slightly from 58.4 to 57.5, indicating a moderating rate of growth in the manufacturing sector. The non-manufacturing ISM index has been more resistant to expansion and is likely to print at 51.0. Vehicle sales figures will also be released and are expected to show total annualized sales dropped from 10.8 million to 10.4 million and domestic vehicle sales dropped from an annualized rate of 8.2 million to 8.0 million as Toyota's lost sales are not expected to be fully picked up by other dealers.

World Bond Rates	2/26/10	1-Wk Chg	4-Wk Chg	YTD
US 10y	3.61%	-0.16%	0.03%	-0.23%
GBR 10y	4.03%	-0.14%	0.12%	0.02%
GER 10y	3.10%	-0.18%	-0.10%	-0.29%
CAN 10y	3.39%	-0.11%	0.04%	-0.22%
JAP 10y	1.31%	-0.04%	-0.02%	0.01%

Central Bank Rates	2/26/10	12/31/09	9/30/09	6/30/09
US Fed Funds	0.25	0.25	0.25	0.25
UK Bank Rate	0.50	0.50	0.50	0.50
GER Base Rate	1.00	1.00	1.00	1.00
CAN Bank Rate	0.25	0.25	0.25	0.25
JAP Disc Rate	0.10	0.10	0.10	0.10
3 Mo-LIBOR	0.25	0.25	0.28	0.56

Risk Premiums	2/26/10	1-Wk Chg	4-Wk Chg	YTD
*CDX (bps)	92	1	-5	7
*30 Day T-Yld Vol.	81.2	-3.7	-5.1	-26.3
VIX	19.50%	-0.52%	-5.12%	-2.18%

Currencies	2/26/10	1-Wk Chg	4-Wk Chg	YTD
USD/EUR	1.36	0.00	-0.02	-0.07
USD/CAN	0.95	-0.01	0.02	0.00
JPY/USD	88.97	-2.55	-1.30	-4.05

Commodities	2/26/10	1-Wk Chg	4-Wk Chg	YTD
Gold (oz.)	$1,118.90	-$2.40	$35.90	$22.70
Oil (barrel)	$79.66	-$0.15	$6.77	$0.30
Wholesale Gasoline (gal)	$2.08	-$0.01	$0.18	$0.03
Natural Gas (mcf)	$4.81	-$0.23	-$0.32	-$0.76

Equity Markets	2/26/10	1-Wk Chg	4-Wk Chg	YTD
S&P 500	1,104.49	-0.42%	2.85%	-0.95%
FTSE 100	5,354.52	-0.07%	3.20%	-1.08%
DAX	5,598.46	-2.16%	-0.18%	-6.03%
S&P/TSX Comp	11,629.63	-0.68%	4.83%	-0.99%
NIKKEI	10,126.03	0.02%	-0.71%	-3.99%

* DJ CDX.NA.IG.10 5Yr; 30 Day Avg. 1-month TSY Yield Volatility
** www.bloomberg.com