

MISI AT A GLIMPSE

January 1 to January 31, 2009

The Massachusetts Investor Sentiment Index

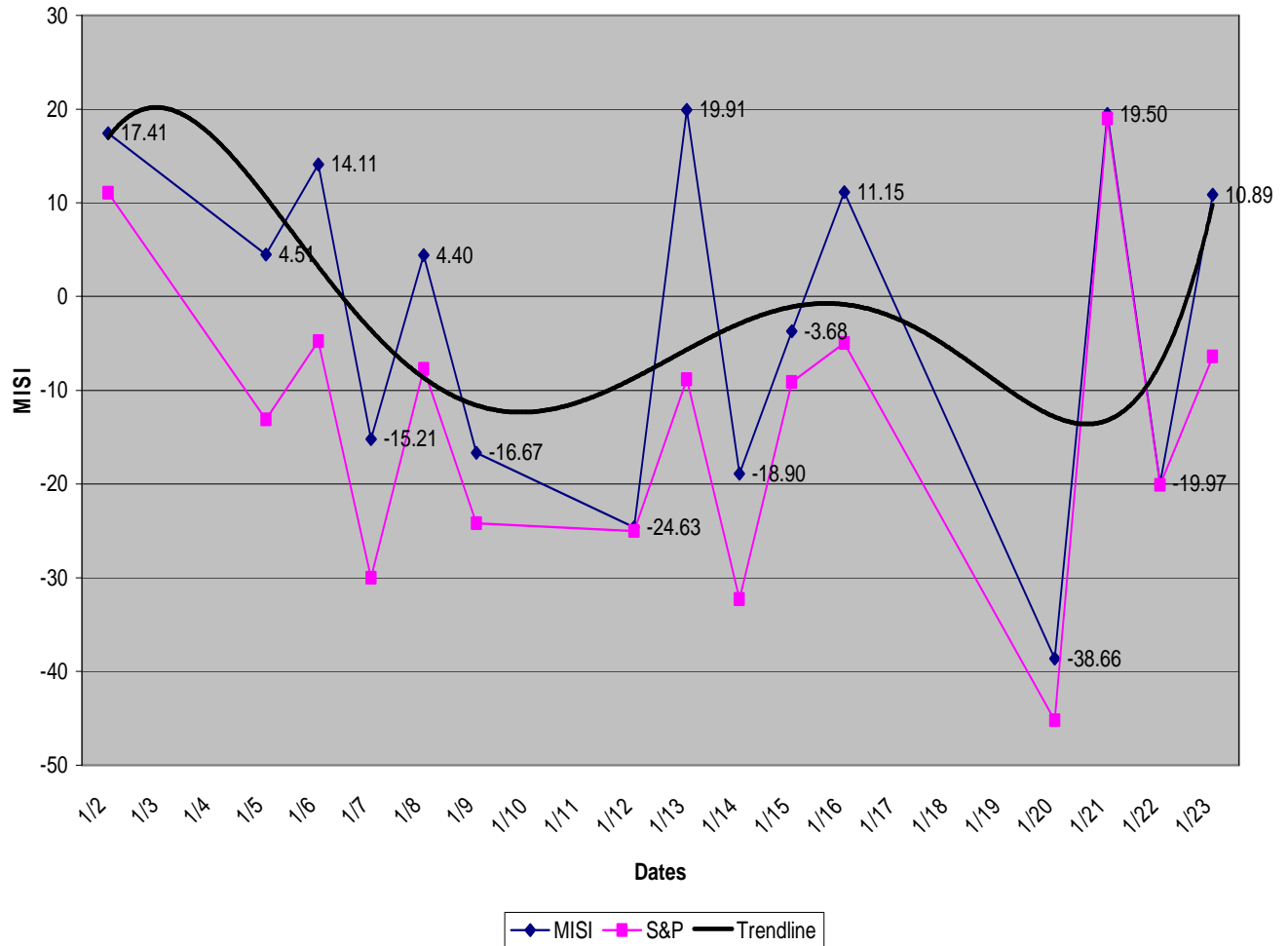
The Massachusetts Investment Sentiment Index (MISI) is a market-based measure of investor sentiment for firms that either are headquartered in Massachusetts or have a significant presence in the state. The MISI is constructed using firms that are in the [Massachusetts Bloomberg Index \(BBMX\)](#), which follows 240-250 firms which span more than 50 industries and range in size from \$2 million to \$42 billion in market capitalization. Daily returns for each of the securities in the BBMX and the average standard deviation of daily returns over the previous five days (the "historic volatility") are computed. The MISI is constructed every day using a correlation of the daily returns and the historic volatility.

The MISI can range from a low of -100 to a high of +100. For values between -10 to +10 the market is classified as risk-neutral, for values between -10 and -30 the market is labeled moderately risk-averse, and for values less than -30 the market is considered highly risk-averse. Similarly, if MISI falls between +10 and +30, the market is labeled moderately risk-seeking, and if the index exceeds +30, the market is considered highly risk-seeking.

Movements in the MISI capture both positive and negative news concerning Massachusetts firms and the region's economy. Also, changes in the MISI closely replicate changes in the BBMX. The MISI and the BBMX return for the same trading day has, on average, a significant correlation coefficient of about seventy-five percent.

Massachusetts Investor Sentiment Index (MISI) and the S&P Index from January 1 to January 31, 2009

MISI and S&P Performance



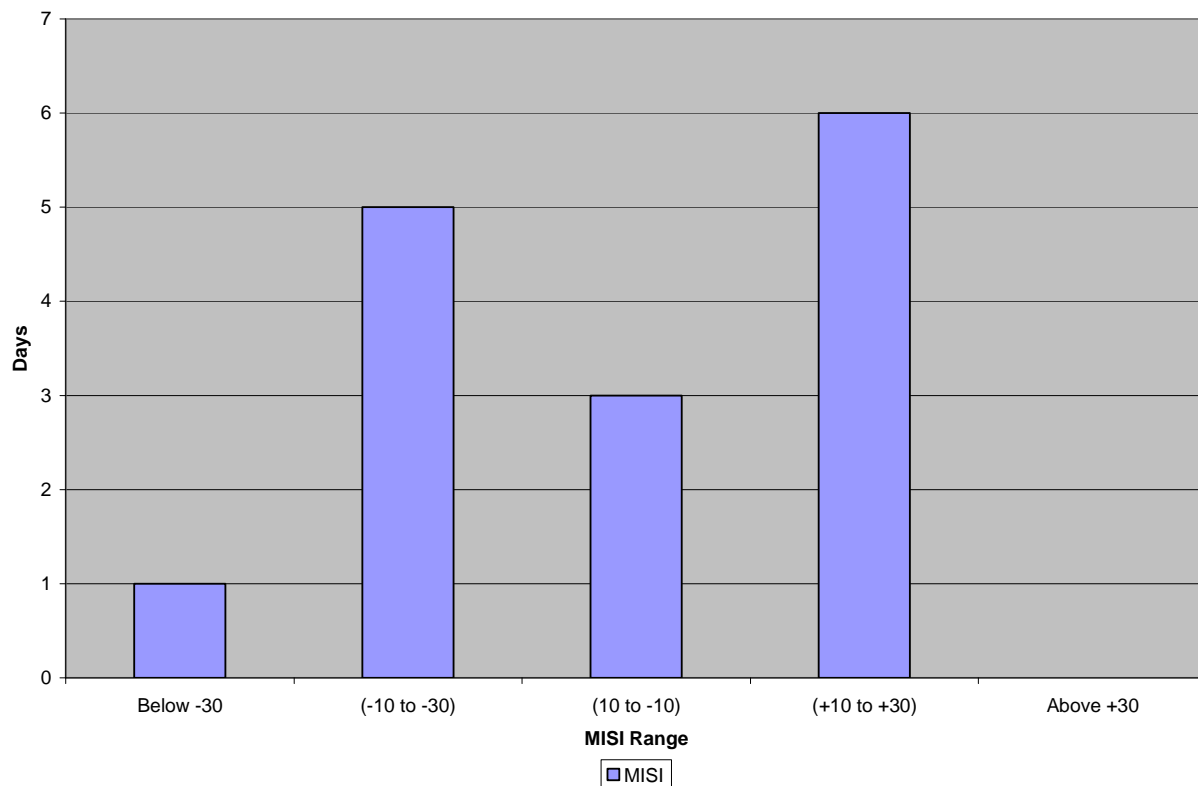
EXECUTIVE SUMMARY

Analysis based on Massachusetts Investor Sentiment Index (MISI) and the S&P Index from January 1 to January 31, 2009.

- The Massachusetts Investment Sentiment Index (MISI) is a market based measure of investor sentiment for firms that are either headquartered in Massachusetts or have a significant presence in the state.
- The MISI is constructed using firms that are in the Massachusetts Bloomberg Index (MBI).

In the last 31 days the market sentiment was:

MISI Performance



High:

- In the entire month on January, the market has never been highly risk seeking.
- One day or 7% of the days, the market was highly risk-averse with an average score of -38.66.

Moderate:

- Six days or 40% of the days, it was moderately risk-seeking with an average score of 15.5.
- Five days or 33% of the days, it was of moderately risk-averse with an average score of -19.08.

Neutral:

- Three days or 20% of the days, the market's sentiment was risk-neutral with an average score of 1.74.

Conclusion:

- Daily price movements in MBI and S&P Index are significantly related to investor sentiment.
- In the majority of the days in January, investors have been average risk seeking.
- In the first half of the month there has been a slow movement of investors towards being risk averse. However, during the third week there has been some extreme movement in the market sentiments. Investors were moderately risk seeking during this period but then there was a sudden big decline on January 20th. This highly risk-averse sentiment improved in the last few days of the month.
- The upward sloping trend line denotes the market sentiment to be risk seeking in the coming month.