

# **MISI AT A GLIMPSE**

**September 1 to September 30, 2008**



## The Massachusetts Investor Sentiment Index

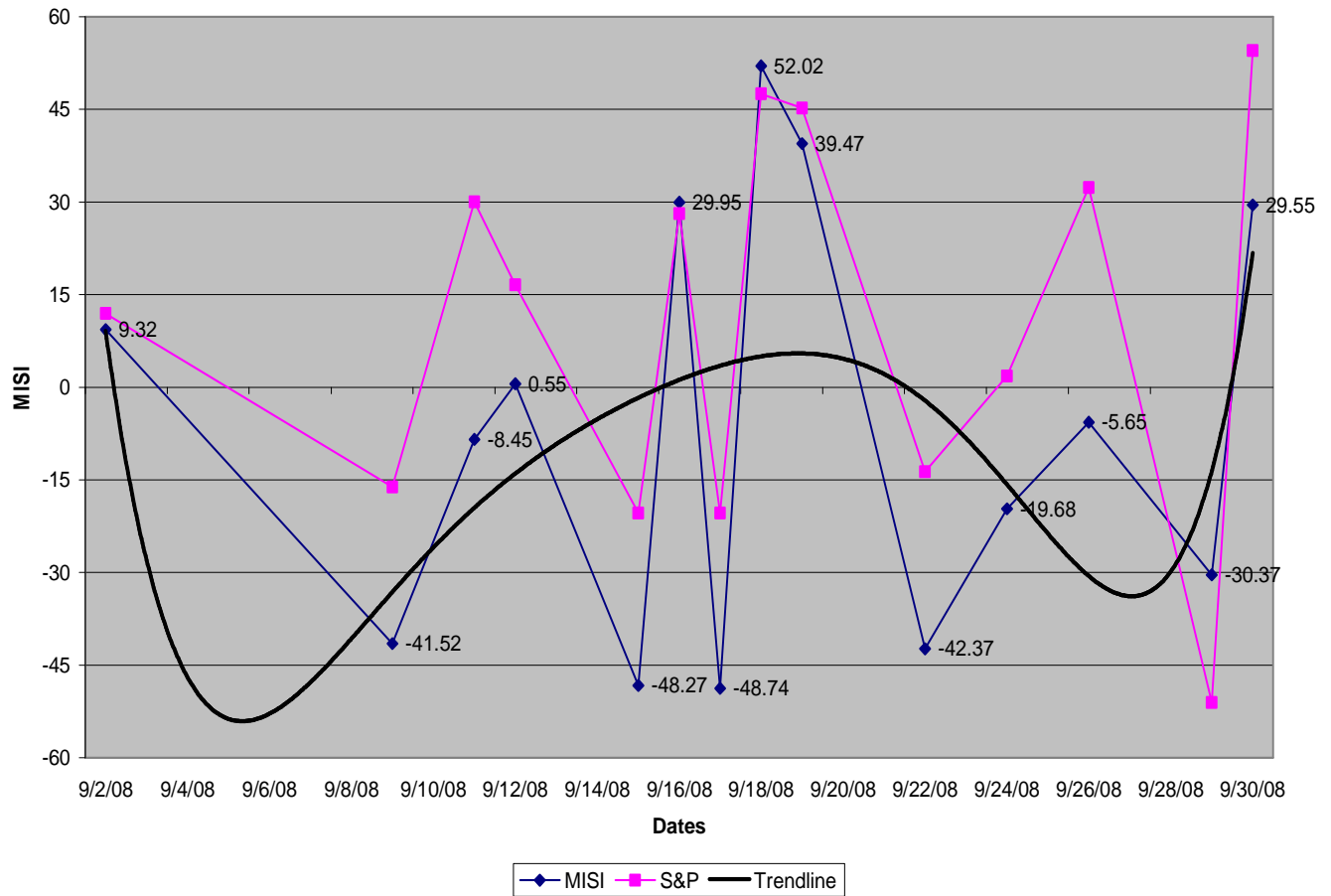
The Massachusetts Investment Sentiment Index (MISI) is a market-based measure of investor sentiment for firms that either are headquartered in Massachusetts or have a significant presence in the state. The MISI is constructed using firms that are in the [Massachusetts Bloomberg Index \(BBMX\)](#), which 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 September 1 to September 30, 2008.

**MISI and S&P Performance**



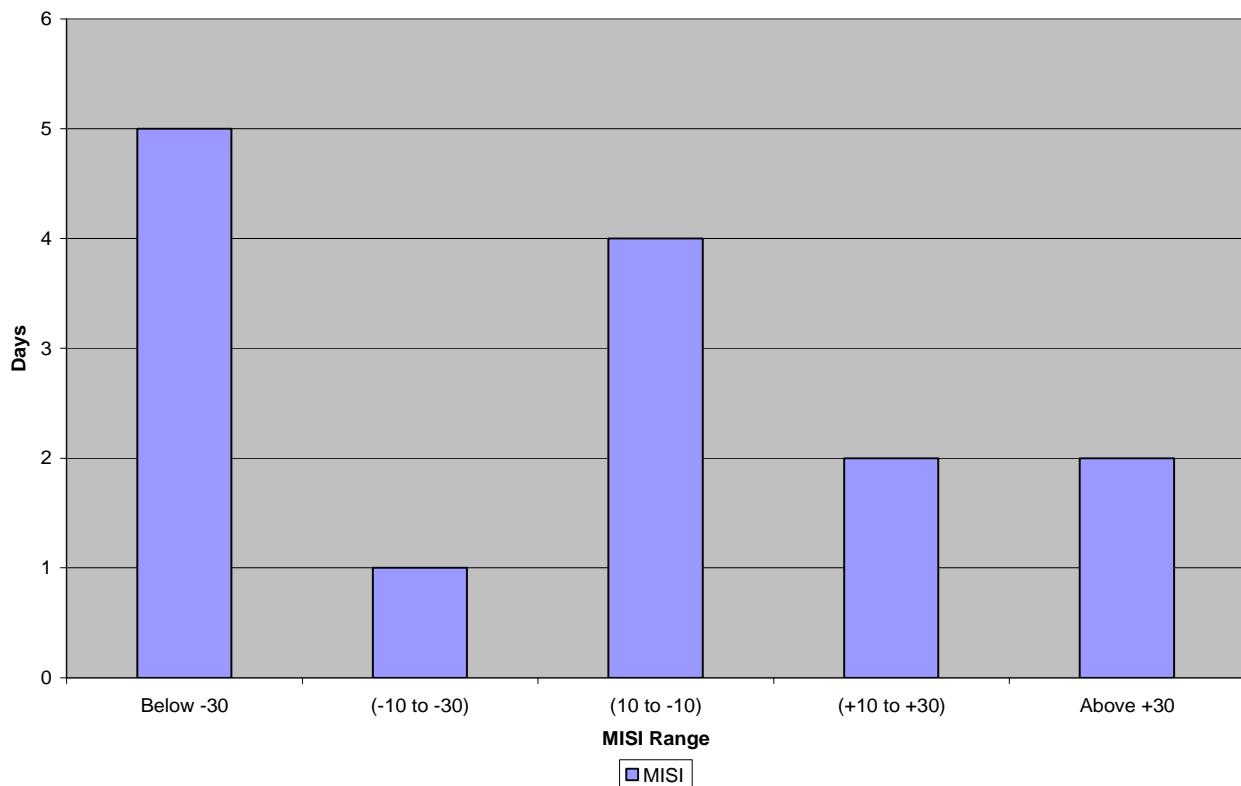
## EXECUTIVE SUMMARY

**Analysis based on Massachusetts Investor Sentiment Index (MISI) and the S&P Index from September 1 to September 30, 2008.**

- 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 30 days the market sentiment was:**

**MISI Performance**



**High:**

- Two days or 14% of the days the investors were highly risk seeking with an average of 45.74.
- Five days or 36% of the days, the market was highly risk-averse with an average score of -42.25.

**Moderate:**

- Two days or 14% of the days, it was moderately risk-seeking with an average score of 29.75.
- One day or 7% of the days, it was of moderately risk-averse with an average score of -19.68.

**Neutral:**

- Four days or 29% of the days, the market's sentiment was risk-neutral with an average score of -1.06.

**Conclusion:**

- Daily price movements in MBI & S&P Index are significantly related to investor sentiment.
- September has been the month with the most volatile market. There has been some extreme rise and fall in investor's sentiments during September 15 to September 22, 2008.
- Due to this extreme fluctuation, the average highly risk seeking score is 45.74 and the average highly risk averse score is -42.25.
- The overall market sentiment throughout the month has been highly risk averse.
- The Trend line, however denote an increase in the market sentiment.