First Trust Market Watch

Week of December 8th

STOCK INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2007	5-yr.
DOW JONES 30 (8635)	-2.11%	-33.10%	-33.94%	8.88%	-0.29%
S&P 500 (876)	-2.18%	-39.02%	-39.63%	5.49%	-1.89%
NASDAQ 100 (1178)	-0.66%	-43.22%	-43.60%	19.24%	-3.07%
S&P 500/Citigroup Growth	-3.30%	-37.78%	-37.95%	9.25%	-2.82%
S&P 500/Citigroup Value	-0.90%	-40.33%	-41.39%	2.03%	-0.99%
S&P MidCap 400/Citigroup Growth	-3.46%	-42.41%	-42.84%	13.55%	-1.89%
S&P MidCap 400/Citigroup Value	-2.84%	-39.67%	-40.30%	2.84%	-0.41%
S&P SmallCap600/Citigroup Growth	-2.38%	-37.78%	-38.17%	5.66%	-0.17%
S&P SmallCap600/Citigroup Value	-2.54%	-35.64%	-35.87%	-5.19%	-0.15%
MSCI EAFE	-6.88%	-50.00%	-50.96%	13.04%	0.59%
MSCI World (ex US)	-7.68%	-50.24%	-50.99%	13.04%	0.79%
MSCI World	-4.95%	-45.10%	-45.78%	9.69%	-0.64%
MSCI Emerging Markets	-5.58%	-59.22%	-59.88%	39.23%	5.72%

Source: Bloomberg. Returns are total returns. *The 5-yr. return is an average annual.* One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 12/5/08.

S&P SECTOR PERFORMANCE

Index	Week	YTD	12-mo.	2007	5-yr.
Consumer Discretionary	3.20%	-34.97%	-37.47%	-13.21%	-5.56%
Consumer Staples	-1.01%	-16.01%	-16.92%	14.36%	4.78%
Energy	-11.22%	-39.77%	-36.17%	34.41%	13.81%
Financials	1.00%	-54.71%	-56.78%	-18.52%	-11.44%
Health Care	0.73%	-27.20%	-29.63%	7.32%	-1.05%
Industrials	-2.04%	-41.77%	-41.97%	12.04%	-1.09%
Information Technology	-2.17%	-45.33%	-45.23%	16.30%	-5.88%
Materials	-5.53%	-48.47%	-48.27%	22.53%	-1.08%
Telecom Services	-0.40%	-31.43%	-29.89%	11.88%	4.85%
Utilities	-4.72%	-30.88%	-32.95%	19.38%	8.86%

Source: Bloomberg. Returns are total returns. *The 5-yr. return is an average annual.* One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 12/5/08.

BOND INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2007	5-yr.
U.S. Treasury: Intermediate	0.85%	10.12%	9.86%	8.83%	5.20%
GNMA 30 Year	0.11%	6.00%	5.95%	6.97%	5.10%
U.S. Aggregate	0.92%	2.39%	2.47%	6.97%	4.14%
U.S. Corporate High Yield	-1.85%	-32.69%	-32.54%	1.88%	-2.39%
U.S. Corporate Investment Grade	1.27%	-9.86%	-9.67%	4.56%	1.11%
Municipal Bond: Long Bond (22+)	-3.75%	-18.30%	-18.54%	0.46%	0.16%
Global Aggregate	1.08%	-0.27%	-0.71%	9.48%	4.40%

Source: Lehman Bros. Returns include reinvested interest. *The 5-yr. return is an average annual.* One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 12/5/08.

KEY RATES

As of 12/5

Fed Funds	1.00%	5-YR CD	3.67%
LIBOR (1-month)	1.90%	2-YR Note	0.93%
CPI - Headline	3.70%	5-YR Note	1.70%
CPI - Core	2.20%	10-YR T-Bond	2.70%
Money Market Accts.	2.34%	30-YR T-Bond	3.12%
Money Market Funds	1.17%	30-YR Mortgage	5.65%
6-mo. CD	2.78%	Prime Rate	4.00%
1-YR CD	3.26%	Bond Buyer 40	6.41%

Sources: Bankrate.com, iMoneyNet.com and Bloomberg

MARKET INDICATORS

As of 12/5

TED Spread: 216 bps	Investment Grade Spread (A2): 622 bps	ML High Yield Master II Index Spread: 2058 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

WEEKLY FUND FLOWS

	Week of 12/3	Previous
Equity Funds	**$284 M**	**-$2.6 B**

Including ETF activity, Domestic funds reported net outflows of -$144M and Non-domestic funds reported net inflows of $428M.

Bond Funds	**$513 M**	**-$4.8 B**

High Yield Corporate Bond funds reported net inflows for the third week in the last five.

Municipal Bond Funds	**-$303 M**	**-$446 M**
Money Markets	**$27.829 B**	**$38.167 B**

Source: AMG Data Services

FACTOIDS FOR THE WEEK OF DECEMBER 1ST - DECEMBER 5TH

Monday, December 1, 2008
While the steep decline in the price of oil is a welcome sight for most people it does not bode well for the oil companies with respect to developing new projects, according to *BusinessWeek*. The tar-rich sands in Canada, for example, possess an estimated 175 billion barrels of oil, but oil sand is one of the most expensive kinds of petroleum to extract. In short, new oil projects are being put on hold throughout Canada because the companies need oil to trade at $85-$95 per barrel for it to be profitable. Projects are also being halted worldwide due to the decline in the price of oil and high construction costs. If this trend continues it could pinch supply over the next 2-5 years. By 2013, such cutbacks could reduce new production capacity by 3.8 million barrels a day, or 4% of current supply, according to Cambridge Energy Research Associates.

Tuesday, December 2, 2008
In November, the dividend-payers (374) in the S&P 500 (equal weight) posted a total return of -9.57%, vs. -12.96% for the non-payers (126), according to Standard & Poor's. Year-to-date, the payers declined 40.97%, vs. a loss of 46.75% for the non-payers. For the 12-month period ended November '08, payers fell 41.87%, vs. a decline of 48.10% for the non-payers. The number of dividend increases (S&P 500) year-to-date totaled 225. That lagged the 265 increases over the same period in 2007 and 267 increases registered in 2006. As of yesterday's close, the dividend yield on the S&P 500 was 3.49% – 76 basis points higher than the yield on a 10-yr. T-Note (2.73%).

Wednesday, December 3, 2008
Investors have poured so much money into 10-year Treasuries the yield has plunged from a recent high of 4.08% on October 14 to 2.67% as of yesterday's close. The yield has not been this low since it hit 2.67% in March 1955, according to Brian Taylor of Global Financial Data. For the first time since 1958, the dividend yield on the S&P 500 (3.45%) has eclipsed the 10-yr. T-Note (2.67%), according to MarketWatch.com. Since 1958, the spread between the two has averaged 370 basis points in favor of bonds.

Thursday, December 4, 2008
The correlation between U.S. and foreign stocks has steadily increased over the past three decades as the world has become more interdependent, according to *Worth*. The following data shows the increase in the correlation between the S&P 500 and the MSCI EAFE (Europe, Australasia, and the Far East) since 1980: *1980-1989* (0.47); *1990-1999* (0.54); and *2000-2007* (0.83). The higher the correlation (1.0 is a perfect correlation) is the fewer the diversification benefits to the investor.

Friday, December 5, 2008
As of Tuesday's close, the 10-yr. T-Note was trading 11.3% above its 50-day moving average, according to Bespoke Investment Group. Since 1977, there have been only four occasions where it has traded at least 11% above the average. The other three "overbought" events occurred in 1980 (15.0%), 1982 (13.7%), and 12.5% (1986).