First Trust Market Watch

Week of January 5th

STOCK INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2008	5-yr.
DOW JONES 30 (9035)	6.13%	2.98%	-28.74%	-31.92%	-0.46%
S&P 500 (932)	6.84%	3.18%	-34.06%	-36.99%	-1.51%
NASDAQ 100 (1264)	6.60%	4.30%	-38.01%	-41.57%	-2.47%
S&P 500/Citigroup Growth	6.83%	3.46%	-31.87%	-34.91%	-2.00%
S&P 500/Citigroup Value	6.85%	2.89%	-36.38%	-39.19%	-1.09%
S&P MidCap 400/Citigroup Growth	8.03%	3.08%	-34.84%	-37.58%	0.07%
S&P MidCap 400/Citigroup Value	6.31%	1.83%	-32.76%	-34.78%	0.78%
S&P SmallCap600/Citigroup Growth	6.74%	1.76%	-31.00%	-32.84%	1.29%
S&P SmallCap600/Citigroup Value	5.88%	0.90%	-27.80%	-29.50%	1.06%
MSCI EAFE	4.54%	2.29%	-41.79%	-43.07%	2.49%
MSCI World (ex US)	5.07%	2.46%	-41.87%	-43.26%	2.77%
MSCI World	5.91%	2.82%	-38.31%	-40.39%	0.55%
MSCI Emerging Markets	5.35%	2.47%	-51.96%	-53.49%	7.49%

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 1/2/09.

S&P SECTOR PERFORMANCE

Index	Week	YTD	12-mo.	2008	5-yr.
Consumer Discretionary	8.46%	4.68%	-28.90%	-33.49%	-5.17%
Consumer Staples	3.82%	1.75%	-12.78%	-15.44%	4.96%
Energy	9.62%	4.34%	-32.46%	-34.89%	14.53%
Financials	7.93%	1.66%	-53.41%	-55.23%	-12.11%
Health Care	4.92%	2.20%	-20.47%	-22.80%	-0.38%
Industrials	8.01%	4.16%	-36.31%	-39.92%	-0.77%
Information Technology	7.01%	4.28%	-39.47%	-43.14%	-4.98%
Materials	6.34%	3.89%	-43.07%	-45.64%	-0.37%
Telecom Services	5.29%	2.89%	-27.47%	-30.47%	4.36%
Utilities	5.74%	2.27%	-26.37%	-28.99%	8.78%

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 1/2/09.

BOND INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2008	5-yr.
U.S. Treasury: Intermediate	-0.83%	-0.64%	9.95%	11.35%	5.32%
GNMA 30 Year	0.22%	-0.08%	7.31%	7.87%	5.44%
U.S. Aggregate	-0.45%	-0.52%	4.01%	5.24%	4.63%
U.S. Corporate High Yield	5.04%	0.64%	-25.70%	-26.16%	-0.69%
U.S. Corporate Investment Grade	-0.57%	-0.83%	-6.58%	-4.94%	2.07%
Municipal Bond: Long Bond (22+)	1.61%	0.18%	-15.01%	-14.68%	0.91%
Global Aggregate	-0.27%	-0.14%	3.64%	4.79%	5.04%

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 1/2/09.

KEY RATES

As of 1/2

Fed Funds	0.25%	5-YR CD	3.07%
LIBOR (1-month)	0.45%	2-YR Note	0.85%
CPI - Headline	1.10%	5-YR Note	1.69%
CPI - Core	2.00%	10-YR T-Bond	2.40%
Money Market Accts.	2.06%	30-YR T-Bond	2.82%
Money Market Funds	0.86%	30-YR Mortgage	5.30%
6-mo. CD	2.17%	Prime Rate	3.25%
1-YR CD	2.61%	Bond Buyer 40	5.89%

Sources: Bankrate.com, iMoneyNet.com and Bloomberg

MARKET INDICATORS

As of 1/2

TED Spread:	Investment Grade Spread	ML High Yield Master II
132 bps	(A2): 570 bps	Index Spread: 1783 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

WEEKLY FUND FLOWS

	Week of 12/30	Previous
Equity Funds	**-$2.9 B**	**$6.3 B**

Including ETF activity, Domestic funds reported net outflows of -$1.286 B and Non-domestic funds reported net outflows of -$1.638 B.

Bond Funds	**$806 M**	**-$393 M**

Net inflows are reported to Flexible funds, $602 M, and High Yield Corporate Bond funds, $473 M, for the sixth week in the last nine.

Municipal Bond Funds	**-$396 M**	**-$272 M**
Money Markets	**$18.121 B**	**$28.693 B**

Source: AMG Data Services

FACTOIDS FOR THE WEEK OF DECEMBER 29TH - JANUARY 2ND

Monday, December 29, 2008
The dividend yield on the S&P 500 is currently 3.32%, about 120 basis points higher than the yield on a 10-yr. T-Bond, according to Bloomberg. Over the past decade, the dividend yield on the S&P 500 has averaged 1.60%, according to *SmartMoney*. For the 200-year period ended 2001, stocks posted an average dividend yield of 4.90%, according to a 2002 study published in *Financial Analysts Journal*. A $100 investment in U.S. stocks would have grown to $37 million (adjusted for inflation) over that period assuming the dividends were reinvested. If the dividends had been paid in cash the initial $100 would have grown to $2,099.

Tuesday, December 30, 2008
The Yale School of Management conducts monthly surveys that measure investor confidence, according to Bespoke Investment Group. One of them is known as the Crash Confidence survey. It asks both individual and institutional investors how confident they are there won't be a stock market crash in the next six months. In November 2008, the Crash Confidence Index reading for individuals reached its lowest level ever at 22.73%. The prior low was set in October 2002, the last time the market bottomed. The reading for institutional investors was above its low back in October 2002, but not by much.

Wednesday, December 31, 2008
The S&P 500 is down 39.3% (price-only) this year with one trading day to go, its worst showing since a 47.1% drop in 1931, according to Standard & Poor's. A survey of 206 investment managers conducted by Russell Investments revealed the following performance expectations for U.S. stocks in 2009: 50% of managers (up 10% or more); 27% of managers (up less than 10%); 15% of managers (flat); 5% of managers (down less than 10%); and 3% of managers (down 10% or more).

Thursday, January 1, 2009
No factoid - New Year's Day.

Friday, January 2, 2009
Stocks posted their worst showing in seven decades in 2008. The S&P 500, S&P 400 and Russell 2000 returned -36.99%, -36.24% and -33.80%, respectively. The damage was broad-based in that 469 constituents (94%) in the S&P 500 posted a loss, according to S&P's Capital IQ. Nearly 90% of the stocks in the S&P 1500, which declined by 36.7%, were down. Only 8% of the 1,693 stocks in the MSCI World Index of 23 developed markets finished higher for the year, according to Bloomberg. Worldwide, equity markets plunged by over $30 trillion.