First Trust

Market Watch

Week of November 9th

Stock Index Performance

Index	Week	YTD	12-mo.	2008	5-yr
Dow Jones Industrial Avg. (10,023)	3.30%	17.40%	19.17%	-31.92%	1.88%
S&P 500 (1,069)	3.26%	20.86%	21.28%	-36.99%	0.34%
NASDAQ 100 (1,731)	3.85%	43.71%	40.40%	-41.57%	3.09%
S&P 500/Citigroup Growth	3.40%	25.94%	28.19%	-34.91%	1.36%
S&P 500/Citigroup Value	3.09%	15.52%	14.07%	-39.19%	-0.79%
S&P MidCap 400/Citigroup Growth	3.50%	33.51%	35.66%	-37.58%	3.91%
S&P MidCap 400/Citigroup Value	3.33%	23.56%	28.21%	-34.78%	2.74%
S&P SmallCap 600/Citigroup Growth	2.79%	18.38%	19.07%	-32.84%	1.52%
S&P SmallCap 600/Citigroup Value	2.60%	13.09%	15.43%	-29.50%	0.63%
MSCI EAFE	1.38%	29.11%	29.30%	-43.07%	4.62%
MSCI World (ex US)	1.77%	37.05%	36.79%	-43.26%	6.72%
MSCI World	2.40%	25.62%	25.40%	-40.39%	2.45%
MSCI Emerging Markets	2.42%	68.64%	71.92%	-53.49%	16.54%

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 11/06/09.

S&P Sector Performance

Index	Week	YTD	12-mo.	2008	5-yr
Consumer Discretionary	4.70%	32.36%	38.59%	-33.49%	-2.23%
Consumer Staples	1.76%	12.72%	13.98%	-15.44%	5.77%
Energy	2.87%	14.49%	18.57%	-34.89%	10.74%
Financials	1.91%	16.17%	4.91%	-55.23%	-10.89%
Health Care	3.90%	11.46%	15.81%	-22.80%	2.19%
Industrials	6.13%	16.17%	16.57%	-39.92%	-1.07%
Information Technology	3.19%	50.21%	47.31%	-43.14%	2.60%
Materials	5.03%	37.65%	32.06%	-45.64%	3.74%
Telecom Services	1.01%	-1.27%	7.94%	-30.47%	0.41%
Utilities	1.74%	2.94%	9.70%	-28.99%	5.20%

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 11/06/09.

Bond Index Performance

Index	Week	YTD	12-mo.	2008	5-yr
U.S. Treasury: Intermediate	-0.03%	-0.64%	3.89%	11.35%	4.85%
GNMA 30 Year	0.09%	5.74%	9.27%	7.87%	5.80%
U.S. Aggregate	-0.17%	6.06%	11.60%	5.24%	5.12%
U.S. Corporate High Yield	0.11%	51.82%	47.00%	-26.16%	5.96%
U.S. Corporate Investment Grade	-0.37%	17.50%	27.56%	-4.94%	4.57%
Municipal Bond: Long Bond (22+)	-0.25%	21.88%	18.85%	-14.68%	3.98%
Global Aggregate	0.18%	8.55%	16.98%	4.79%	5.65%

Source: Barclays Capital. Returns are total returns. The ***5-yr. return is an average annual.*** One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 11/06/09.

Key Rates

As of 11/06

Fed Funds	0.00-0.25%	5-yr CD	2.94%
LIBOR (1-month)	0.24%	2-yr T-Note	0.84%
CPI - Headline	-1.30%	5-yr T-Note	2.29%
CPI - Core	1.50%	10-yr T-Note	3.49%
Money Market Accts.	1.05%	30-yr T-Bond	4.39%
Money Market Funds	0.05%	30-yr Mortgage	5.13%
6-mo. CD	1.30%	Prime Rate	3.25%
1-yr CD	1.72%	Bond Buyer 40	5.42%

Sources: Bankrate.com, iMoneyNet.com and Bloomberg.

Market Indicators

As of 11/06

TED Spread	21 bps
Investment Grade Spread (A2)	225 bps
ML High Yield Master II Index Spread	761 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 10/28/09

Estimated Flows to Long-Term Mutual Funds

	Current Week		Previous	
Domestic Equity	-$2.558	Billion	-$1.215	Billion
Foreign Equity	$1.094	Billion	$2.898	Billion
Taxable Bond	$8.850	Billion	$10.643	Billion
Municipal Bond	$1.308	Billion	$534	Million

Change in Money Market Fund Assets

	Current Week		Previous	
Retail	$0.70	Billion	-$7.40	Billion
Institutional	-$31.97	Billion	$5.13	Billion

Source: Investment Company Institute

Factoids for the week of November 2nd – 6th

Monday, November 2, 2009

The U.S. spent an estimated $2.4 trillion on health care in 2008, according to *BusinessWeek*. It was a 6% increase over 2007 outlays and it accounted for 16.5% of GDP. The current estimate for health expenditures in 2009 predicts a 4.2% increase to $2.5 trillion, according to the Centers for Medicare & Medicaid Services, Office of the Actuary. Federal, State, and local spending will be as follows: Medicare ($503 billion); Medicaid ($386 billion), and Other ($301 billion). Spending in the private sector will be as follows: Insurance ($854 billion); Out-of-Pocket ($283 billion); and Other ($182 billion). While the CPI declined by 1.3% over the past 12 months, the biggest jump in health care prices over that span was in Hospital Services, up 7.1%.

Tuesday, November 3, 2009

In October, the dividend-payers (358) in the S&P 500 (equal weight) posted a total return of -2.30%, vs. -6.20% for the non-payers (142), according to Standard & Poor's. Year-to-date, the payers are up 14.84%, vs. a gain of 46.98% for the non-payers. For the 12-month period ended October '09, payers were up 7.29%, vs. a gain of 31.30% for the non-payers. The number of dividend increases year-to-date totaled 119. That significantly lagged the 213 increases registered at this point in 2008. The number of companies that decreased their dividend totaled 65, up from 29 a year ago. Ten companies have suspended their dividend payments, down from 16 a year ago.

Wednesday, November 4, 2009

It was a year ago today that Barrack Obama was elected the 44th President of the United States. The DJIA gained 1.52% (price-only) over the past 12 months. Since 1900, the average percentage one-year change in the DJIA following a Presidential election is 4.39%, according to Bespoke Investment Group. The average for first-term Presidents is 6.17%. The tough conditions that Obama inherited coming into office should be taken into consideration. President Reagan was dealt a lousy hand from the Carter Administration. The DJIA fell 7.51% in the 12 months after he was elected. From the time Reagan won the 1980 election through the election of 1988 (nearing the end of his second term) the DJIA averaged better than 11% per year and over 16% if you include dividends.

Thursday, November 5, 2009

The Semiconductor Industry Association just released its annual forecast for global semiconductor sales through 2011. It estimates that worldwide sales will total $219.7 billion in 2009, down 11.6% from 2008. It calls for sales to increase by 10.2% to $242.1 billion in 2010 and then another 8.3% to $262.3 billion in 2011. Key drivers will continue to be PCs and cell phones, which currently account for approximately 60% of total demand.

Friday, November 6, 2009

The *global speculative-grade* default rate stood at 12.4% in October, up from a revised 12.3% (from 12.0%) in September, according to Moody's. Moody's is now forecasting the default rate will peak at 12.5% in November 2009, and then decline sharply to 4.2% by October 2010. The *U.S. speculative-grade* default rate stood at 13.4% in October, up from 12.9% in September. Moody's is now forecasting the rate will peak at 13.6% in November 2009, and then fall to 4.4% by October 2010. The default rate on *senior loans* stood at 8.22% in October, up from 7.71% in September, according to Standard & Poor's LCD. The default rate could climb to 12.00% by year-end, and then decline to around the 6.00% level next year. The all-time high was 8.23% in December 2000.