First Trust

Market Watch

Week of March 9th

STOCK INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2008	5-yr.
DOW JONES 30 (6627)	-6.13%	-23.89%	-43.22%	-31.92%	-6.69%
S&P 500 (683)	-6.97%	-23.88%	-46.24%	-36.99%	-8.16%
NASDAQ 100 (1065)	-4.68%	-11.96%	-37.44%	-41.57%	-5.85%
S&P 500/Citigroup Growth	-5.50%	-17.78%	-40.00%	-34.91%	-7.02%
S&P 500/Citigroup Value	-8.74%	-30.31%	-52.52%	-39.19%	-9.55%
S&P MidCap 400/Citigroup Growth	-7.75%	-20.19%	-44.77%	-37.58%	-6.15%
S&P MidCap 400/Citigroup Value	-10.57%	-27.48%	-47.05%	-34.78%	-7.18%
S&P SmallCap600/Citigroup Growth	-9.17%	-28.47%	-46.48%	-32.84%	-6.97%
S&P SmallCap600/Citigroup Value	-10.49%	-32.88%	-47.31%	-29.50%	-8.07%
MSCI EAFE	-7.14%	-24.86%	-52.94%	-43.07%	-4.52%
MSCI World (ex US)	-7.19%	-24.38%	-53.06%	-43.26%	-4.17%
MSCI World	-7.05%	-23.83%	-49.77%	-40.39%	-6.13%
MSCI Emerging Markets	-2.16%	-13.64%	-56.25%	-53.49%	2.45%

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 3/06/09.

S&P SECTOR PERFORMANCE

Index	Week	YTD	12-mo.	2008	5-yr.
Consumer Discretionary	-7.84%	-24.56%	-45.88%	-33.49%	-11.83%
Consumer Staples	-3.58%	-17.17%	-26.02%	-15.44%	-0.71%
Energy	-5.52%	-19.50%	-44.30%	-34.89%	7.09%
Financials	-19.13%	-51.18%	-73.72%	-55.23%	-25.30%
Health Care	-3.89%	-16.94%	-29.65%	-22.80%	-5.24%
Industrials	-10.01%	-34.86%	-57.66%	-39.92%	-9.89%
Information Technology	-4.78%	-11.43%	-39.30%	-43.14%	-8.05%
Materials	-5.34%	-19.56%	-55.66%	-45.64%	-5.54%
Telecom Services	-5.24%	-17.02%	-29.08%	-30.47%	-1.72%
Utilities	-8.45%	-20.33%	-36.53%	-28.99%	2.36%

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 3/06/09.

BOND INDEX PERFORMANCE

Index	Week	YTD	12-mo.	2008	5-yr.
U.S. Treasury: Intermediate	0.61%	-1.28%	5.82%	11.35%	4.71%
GNMA 30 Year	0.42%	0.94%	8.65%	7.87%	5.29%
U.S. Aggregate	0.35%	-0.92%	3.90%	5.24%	3.93%
U.S. Corporate High Yield	-3.34%	-0.72%	-24.47%	-26.16%	-1.39%
U.S. Corporate Investment Grade	-0.60%	-2.12%	-6.77%	-4.94%	1.06%
Municipal Bond: Long Bond (22+)	-0.30%	7.15%	-4.88%	-14.68%	1.57%
Global Aggregate	0.30%	-5.15%	-4.92%	4.79%	3.72%

Source: Barclays Capital. Returns include reinvested interest. *The 5-yr. return is an average annual.* One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 3/06/09.

KEY RATES

As of 3/06

Fed Funds	0.25%	5-YR CD	2.68%
LIBOR (1-month)	0.51%	2-YR T-Note	0.95%
CPI - Headline	0.10%	5-YR T-Note	1.88%
CPI - Core	1.70%	10-YR T-Note	2.87%
Money Market Accts.	1.43%	30-YR T-Bond	3.55%
Money Market Funds	0.36%	30-YR Mortgage	5.17%
6-mo. CD	1.59%	Prime Rate	3.25%
1-YR CD	2.08%	Bond Buyer 40	5.53%

Sources: Bankrate.com, iMoneyNet.com and Bloomberg

MARKET INDICATORS

As of 3/06

TED Spread:	109 bps
Investment Grade Spread (A2):	556 bps
ML High Yield Master II Index Spread:	1854 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

WEEKLY FUND FLOWS

	Week of 3/04	Previous
Equity Funds	**-$8.1 B**	**-$6.6 B**

Including ETF activity, Domestic funds reporting net outflows of -$4.913 B and Non-domestic funds reported net outflows of -$3.160 B.

Bond Funds	**-$2.6 B**	**-$388 M**
Municipal Bond Funds	**$462 M**	**$470 M**
Money Markets	**$7.556 B**	**$7.908 B**

Source: AMG Data Services

FACTOIDS FOR THE WEEK OF MARCH 2ND - MARCH 6TH

Monday, March 2, 2009
In February, the dividend-payers (365) in the S&P 500 (equal weight) posted a total return of -20.42%, vs. -12.52% for the non-payers (135), according to Standard & Poor's. Year-to-date, the payers declined 27.90%, vs. a loss of 15.49% for the non-payers. For the 12-month period ended February '09, payers fell 52.69%, vs. a decline of 49.67% for the non-payers. The number of dividend increases so far in 2009 totaled 47. That significantly lagged the 77 increases registered at this point in 2008. The number of companies that decreased their dividend totaled 28, up from five a year ago. The number of companies that suspended their dividend totaled six, up from four a year ago.

Tuesday, March 3, 2009
The volatility in corn and crude oil prices is making it difficult for ethanol producers to generate stable returns, according to Reuters. U.S. law requires that 10.5 billion gallons of ethanol be blended into the gasoline supply in 2009. The problem is producers aren't making a profit these days largely due to excess capacity. A secondary challenge exists moving forward with the push to mass produce cellulosic ethanol, which is made from crop waste, grasses and wood pulp. It costs more to produce than corn-based ethanol. By 2022, a government mandate (2007) calls for the production of 36 billion gallons of renewable fuels – 15 billion gallons of ethanol + 16 billion gallons of cellulosic + 5 billion gallons of "other" biofuels.

Wednesday, March 4, 2009
While estimates may differ, a survey by consulting firm Mercer released last September revealed that health care costs would increase 5.7% in 2009 for those workers covered by employer-sponsored plans, according to *USA TODAY*. Cost increases have hovered near 6% per year since 2005. Mercer's survey also found that 59% of companies intend to keep costs down by raising workers' deductibles or co-pays limits. From 2003-2007, the average deductible for an individual jumped from $250 to $400 and from $1,000 to $1,500 per family. The Census Bureau reported that 45.7 million people in the U.S. were uninsured throughout all of 2007, according to Reuters. A new report released by Families USA said that 86.7 million people under the age of 65 went without health insurance at some point during the past two years.

Thursday, March 5, 2009
When earnings are depressed companies that pay a common stock dividend tend to maintain a higher payout percentage (dividend per share ÷ earnings per share), according to data from Standard & Poor's. Since 1936, the payout percentage for the companies in the S&P 500 has averaged around 50%. The current recession officially began in December 2007, according to the National Bureau of Economic Research. The payout percentage on the S&P 500 averaged 67.7% from 9/30/07-9/30/08. In the recession at the start of this decade (3/31/01-11/30/01), the payout percentage was 77.3%. During better economic times companies can lower the percentage and utilize cash for other purposes, such as stock buybacks and capital expenditures. From 12/31/02-9/30/07, the payout percentage averaged 33.2%.

Friday, March 6, 2009
The global speculative-grade default rate stood at 5.2% in February, up from 4.8% in January, according to Moody's. It is now forecasting the rate will rise to 14.8% by December 2009, and then dip lower to 13.8% by February 2010. The U.S. speculative-grade default rate stood at 5.7% in February, up from 5.2% in January. Moody's is now forecasting the rate will rise to 13.8% by December 2009. The default rate on senior loans stood at 4.50% in February, up from 4.18% in January, according to Standard & Poor's LCD. The consensus of senior loan managers puts the default rate at 10-12% by the end of 2009.