First Trust

Market Watch

Week of May 11th

Stock Index Performance

Index	Week	YTD	12-mo.	2008	5-yr
DOW JONES 30 (8575)	4.54%	-1.06%	-31.15%	-31.92%	-0.81%
S&P 500 (929)	5.95%	3.87%	-31.74%	-36.99%	-1.31%
NASDAQ 100 (1394)	-0.15%	15.38%	-28.66%	-41.57%	0.30%
S&P 500/Citigroup Growth	3.53%	5.95%	-28.62%	-34.91%	-1.50%
S&P 500/Citigroup Value	8.75%	1.68%	-34.99%	-39.19%	-1.22%
S&P MidCap 400/Citigroup Growth	4.25%	12.84%	-29.79%	-37.58%	1.82%
S&P MidCap 400/Citigroup Value	5.89%	6.81%	-30.02%	-34.78%	1.85%
S&P SmallCap600/Citigroup Growth	4.64%	3.91%	-27.85%	-32.84%	1.48%
S&P SmallCap600/Citigroup Value	5.67%	1.24%	-25.80%	-29.50%	1.15%
MSCI EAFE	6.92%	3.94%	-39.40%	-43.07%	2.79%
MSCI World (ex US)	7.27%	5.49%	-39.07%	-43.26%	3.43%
MSCI World	6.52%	4.87%	-35.72%	-40.39%	1.04%
MSCI Emerging Markets	9.52%	28.97%	-37.77%	-53.49%	13.51%

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 5/08/09.

S&P Sector Performance

Index	Week	YTD	12-mo.	2008	5-yr
Consumer Discretionary	3.49%	12.10%	-24.50%	-33.49%	-3.38%
Consumer Staples	2.66%	-4.72%	-17.30%	-15.44%	2.26%
Energy	8.50%	3.66%	-36.09%	-34.89%	12.63%
Financials	23.06%	5.43%	-47.93%	-55.23%	-11.19%
Health Care	5.67%	-3.63%	-17.50%	-22.80%	-2.14%
Industrials	7.05%	0.92%	-38.24%	-39.92%	-1.10%
Information Technology	-1.63%	15.67%	-29.38%	-43.14%	-1.84%
Materials	4.69%	18.48%	-39.54%	-45.64%	4.34%
Telecom Services	-1.22%	-3.64%	-26.58%	-30.47%	2.27%
Utilities	3.14%	-4.94%	-28.72%	-28.99%	7.48%

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 5/08/09.

Bond Index Performance

Index	Week	YTD	12-mo.	2008	5-yr
U.S. Treasury: Intermediate	-0.30%	-1.77%	6.30%	11.35%	5.24%
GNMA 30 Year	0.13%	2.42%	7.41%	7.87%	6.18%
U.S. Aggregate	0.26%	0.73%	3.72%	5.24%	5.10%
U.S. Corporate High Yield	3.98%	23.98%	-9.85%	-26.16%	3.55%
U.S. Corporate Investment Grade	1.50%	2.84%	-3.19%	-4.94%	3.03%
Municipal Bond: Long Bond (22+)	1.70%	12.86%	-2.80%	-14.68%	3.75%
Global Aggregate	0.82%	-1.77%	-1.51%	4.79%	5.25%

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 5/08/09.

Key Rates

As of 5/08

Fed Funds	0.25%	5-YR CD	3.07%
LIBOR (1-month)	0.40%	2-YR T-Note	0.97%
CPI - Headline	-0.40%	5-YR T-Note	2.13%
CPI - Core	1.80%	10-YR T-Note	3.28%
Money Market Accts.	1.35%	30-YR T-Bond	4.26%
Money Market Funds	0.20%	30-YR Mortgage	4.98%
6-mo. CD	1.70%	Prime Rate	3.25%
1-YR CD	2.29%	Bond Buyer 40	5.31%

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

Market Indicators

As of 5/08

TED Spread	74 bps
Investment Grade Spread (A2)	432 bps
ML High Yield Master II Index Spread	1243 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 4/29/09

Estimated Flows to Long-Term Mutual Funds

	Current Week		Previous	
Domestic Equity	$381	Million	$2.409	Billion
Foreign Equity	-$198	Million	$1.025	Billion
Taxable Bond	$4.410	Billion	$6.091	Billion
Municipal Bond	$1.201	Billion	$1.512	Billion

Change in Money Market Fund Assets

	Current Week		Previous	
Retail	-$6.85	Billion	-$15.33	Billion
Institutional	-$4.15	Billion	$7.33	Billion

Source: Investment Company Institute

Factoids for the week of May 4th – May 8th

Monday, May 4, 2009

In April, the dividend-payers (362) in the S&P 500 (equal weight) posted a total return of 17.87%, vs. 20.21% for the non-payers (138), according to Standard & Poor's. Year-to-date, the payers are down 7.08%, vs. a gain of 15.87% for the non-payers. For the 12-month period ended April '09, payers fell 41.20%, vs. a decline of 33.41% for the non-payers. The number of dividend increases so far in 2009 totaled 68. That significantly lagged the 114 increases registered at this point in 2008. The number of companies that decreased their dividend totaled 50, up from 12 a year ago.

Tuesday, May 5, 2009

Despite the fact that nearly 50% of U.S. banks tightened lending standards on prime mortgages in Q1 demand for them grew for the first time since early 2007, according to a Federal Reserve survey of loan officers. Lower interest rates are likely boosting demand as the rates on 30-year mortgages averaged 4.78% last week, tying the record low, according to Freddie Mac. The survey also revealed that 65% of banks tightened standards on nontraditional mortgages. Banks and other financial institutions have written down more than $1.37 trillion in losses stemming from the mortgage market meltdown, according to Gary Parr, Deputy Chairman of investment bank Lazard Ltd.

Wednesday, May 6, 2009

The Obama Administration plans to spend $150 billion on renewable energy over the next ten years, according to *Kiplinger*. The following shows the potential sales growth that each of the three major sources of renewable energy offer moving forward: Solar ($29.6 billion worldwide market today could grow to $81 billion by 2018); Wind ($51 billion worldwide market today could grow to $139 billion by 2018); and Biofuels ($40 billion worldwide market today could grow to $80 billion by 2017).

Thursday, May 7, 2009

Declining home values has left 21.9% of Americans under water on their residential mortgages as of the close of Q1'09, according to Zillow, an online real estate information provider. That was up sharply from the 17.6% who owed more on their mortgage than their property was worth in Q4'08. A survey revealed that 33% of U.S. homeowners would be at least "somewhat likely" to put their home up for sale in the next 12 months if they saw signs of a recovery. Twelve percent said they would be "very likely" to put their home on the market.

Friday, May 8, 2009

Since 1950, May has been the eighth best performing month, up an average of 0.3%, for the S&P 500, according to the *Stock Trader's Almanac*. The May-October stretch has historically been challenging for stocks, but bull markets have emerged. Sam Stovall, chief investment strategist at Standard & Poor's, found that stocks have actually fared well in the six-month period (starting in May) following bear market bottoms, according to MarketWatch.com. Since 1932, the S&P 500 posted a gain in 12 out of 14 May-October periods following market bottoms. The average gain was 12.2%.