First Trust

Market Watch

Week of August 17th

Stock Index Performance

Index	Week	YTD	12-mo.	2008	5-yr
Dow Jones Industrial Avg. (9321)	-0.43%	8.52%	-16.99%	-31.92%	1.50%
S&P 500 (1004)	-0.56%	12.98%	-20.23%	-36.99%	0.89%
NASDAQ 100 (1612)	-0.47%	33.63%	-17.38%	-41.57%	4.79%
S&P 500/Citigroup Growth	-0.40%	15.35%	-18.21%	-34.91%	1.22%
S&P 500/Citigroup Value	-0.73%	10.47%	-22.34%	-39.19%	0.47%
S&P MidCap 400/Citigroup Growth	-1.02%	24.65%	-20.23%	-37.58%	5.16%
S&P MidCap 400/Citigroup Value	-1.68%	18.20%	-19.64%	-34.78%	4.27%
S&P SmallCap600/Citigroup Growth	-1.44%	13.60%	-24.42%	-32.84%	4.27%
S&P SmallCap600/Citigroup Value	-1.84%	11.24%	-21.95%	-29.50%	3.21%
MSCI EAFE	0.97%	20.68%	-17.15%	-43.07%	5.67%
MSCI World (ex US)	0.62%	27.44%	-15.99%	-43.26%	7.83%
MSCI World	0.12%	17.60%	-19.02%	-40.39%	3.28%
MSCI Emerging Markets	0.01%	53.01%	-11.05%	-53.49%	17.92%

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 8/14/09.

S&P Sector Performance

Index	Week	YTD	12-mo.	2008	5-yr
Consumer Discretionary	-2.58%	21.41%	-14.74%	-33.49%	-0.96%
Consumer Staples	0.24%	3.66%	-12.55%	-15.44%	4.83%
Energy	-0.60%	1.75%	-26.91%	-34.89%	11.12%
Financials	-0.79%	15.28%	-30.01%	-55.23%	-9.68%
Health Care	0.66%	5.92%	-14.48%	-22.80%	1.55%
Industrials	-1.95%	5.99%	-29.53%	-39.92%	-0.69%
Information Technology	0.04%	37.47%	-14.45%	-43.14%	3.74%
Materials	-1.57%	32.20%	-23.81%	-45.64%	5.57%
Telecom Services	-0.50%	-2.38%	-14.55%	-30.47%	1.98%
Utilities	0.55%	2.40%	-17.30%	-28.99%	7.35%

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 8/14/09.

Bond Index Performance

Index	Week	YTD	12-mo.	2008	5-yr
U.S. Treasury: Intermediate	1.16%	-1.98%	5.48%	11.35%	4.65%
GNMA 30 Year	0.96%	3.66%	10.07%	7.87%	5.67%
U.S. Aggregate	1.23%	3.84%	8.01%	5.24%	4.93%
U.S. Corporate High Yield	-0.28%	40.54%	6.41%	-26.16%	5.48%
U.S. Corporate Investment Grade	1.71%	13.72%	9.10%	-4.94%	4.27%
Municipal Bond: Long Bond (22+)	1.16%	15.07%	0.31%	-14.68%	3.25%
Global Aggregate	1.48%	4.39%	7.29%	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 8/14/09.

Key Rates

As of 8/14

Fed Funds	0.00-0.25%	5-yr CD	2.81%
LIBOR (1-month)	0.27%	2-yr T-Note	1.05%
CPI - Headline	-2.10%	5-yr T-Note	2.50%
CPI - Core	1.50%	10-yr T-Note	3.56%
Money Market Accts.	1.17%	30-yr T-Bond	4.41%
Money Market Funds	0.08%	30-yr Mortgage	5.33%
6-mo. CD	1.33%	Prime Rate	3.25%
1-yr CD	1.82%	Bond Buyer 40	5.52%

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

Market Indicators

As of 8/14

TED Spread	24 bps
Investment Grade Spread (A2)	247 bps
ML High Yield Master II Index Spread	895 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 8/5/09

Estimated Flows to Long-Term Mutual Funds

	Current Week		Previous	
Domestic Equity	$2.758	Billion	$869	Million
Foreign Equity	$2.727	Billion	$2.534	Billion
Taxable Bond	$9.317	Billion	$6.838	Billion
Municipal Bond	$2.180	Billion	$1.730	Billion

Change in Money Market Fund Assets

	Current Week		Previous	
Retail	-$11.43	Billion	-$6.94	Billion
Institutional	-$1.40	Billion	-$20.51	Billion

Source: Investment Company Institute

Factoids for the week of August 10th – 14th

Monday, August 10, 2009

In its July survey, the Blue Chip Economic Indicators found that 65.4% of the economists polled believe the National Bureau of Economic Research will declare the current recession, which began in December 2007, over in Q3'09, according to Reuters. They are forecasting a GDP growth rate of 1.0% (annualized) for Q3. Looking back at the past 10 recessions, the S&P 500 gained an average of 9.0% six months after those recessions ended and 14.4% in the 12 months following the turn, according to Ned Davis Research. The only time the S&P 500 didn't post a gain was after the recession ended in November 2001.

Tuesday, August 11, 2009

The combination of rising unemployment and pre-existing debt is driving the number of consumer bankruptcy cases higher. The American Bankruptcy Institute (ABI) reported that more than 126,000 consumers filed for protection last month, up 34% from July 2008, according to Bloomberg. The number of bankruptcies in the first half of 2009 totaled 675,351, up 36.5% from the first half of 2008. The ABI believes the total could reach 1.4 million by the end of the year.

Wednesday, August 12, 2009

The average taxable money market fund yielded 0.08% for the week ended August 4, according to iMoneyNet.com. At that rate, a $10,000 investment would return 15 cents a week, according to *USA TODAY*. Nearly one-quarter of these money funds have no yield. The average money market fund charges about 40 basis points per year for expenses. Peter Crane, editor of *Money Fund Intelligence*, estimates that 80% of all funds are waiving some or all of their expenses to keep share prices from falling below $1.

Thursday, August 13, 2009

Fees have become a critical source of revenue for banks in the U.S. This is the first recession since 1969 in which bank fees have risen. Moeb Services, a research firm, reported that 45% of banks and credit unions would not have made money in 2008 without overdraft fees, according to Jim Jubak at MSN.com. Overdraft charges account for 75% of all bank fees. Overdraft fees are expected to bring in $38.5 billion in 2009.

Friday, August 14, 2009

The global speculative-grade default rate stood at 10.7% in July, up from 10.3% in June, according to Moody's. There were 16 defaults in July. There have been 183 so far in 2009. There were just 46 defaults in the first six months of 2008. Moody's is now forecasting the default rate will rise to 12.2% by December 2009, and then decline sharply to 4.4% by July 2010. The U.S. speculative-grade default rate stood at 11.5% in July, up from 11.2% in June. Moody's is now forecasting the rate will rise to 12.7% by December 2009, and then fall to 3.8% by July 2010. The default rate on senior loans stood at 6.64% in July, up from 6.21% in June, according to Standard & Poor's LCD. The all-time high was 8.23% in December 2000.