First Trust

Market Watch

Week of December 13th

Stock Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
Dow Jones Industrial Avg. (11,410)	0.32%	12.35%	12.66%	22.68%	3.89%
S&P 500 (1,240)	1.32%	13.39%	14.81%	26.47%	1.83%
NASDAQ 100 (2,215)	1.11%	20.00%	24.08%	54.63%	6.17%
S&P 500 Growth	0.67%	14.03%	15.90%	31.58%	3.25%
S&P 500 Value	2.00%	12.78%	13.77%	21.17%	0.33%
S&P MidCap 400 Growth	1.38%	30.23%	34.95%	41.23%	6.56%
S&P MidCap 400 Value	1.49%	20.77%	25.84%	33.77%	4.21%
S&P SmallCap 600 Growth	2.52%	28.01%	36.48%	28.34%	4.68%
S&P SmallCap 600 Value	2.79%	22.73%	29.23%	22.86%	3.33%
MSCI EAFE	0.36%	5.42%	6.65%	31.78%	2.41%
MSCI World (ex US)	0.09%	8.35%	10.07%	41.45%	4.70%
MSCI World	0.77%	9.64%	11.09%	29.99%	2.13%
MSCI Emerging Markets	-0.60%	15.02%	17.99%	78.51%	12.78%

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 12/10/10.

S&P Sector Performance

Index	Week	YTD	12-mo.	2009	5-yr
Consumer Discretionary	0.30%	27.60%	29.91%	41.33%	3.98%
Consumer Staples	1.01%	12.54%	11.61%	14.89%	7.46%
Energy	0.38%	16.21%	18.15%	13.86%	6.88%
Financials	3.79%	10.44%	11.69%	17.24%	-10.85%
Health Care	0.61%	1.74%	1.88%	19.70%	2.06%
Industrials	1.26%	24.40%	24.68%	20.93%	2.86%
Information Technology	1.45%	10.26%	14.11%	61.72%	4.25%
Materials	0.47%	17.09%	19.87%	48.57%	6.85%
Telecom Services	2.09%	15.71%	15.94%	8.93%	5.35%
Utilities	-0.54%	3.49%	3.90%	11.91%	3.36%

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 12/10/10.

Bond Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
U.S. Treasury: Intermediate	-1.09%	5.10%	3.63%	-1.41%	5.51%
GNMA 30 Year	-0.60%	6.26%	5.09%	5.37%	6.43%
U.S. Aggregate	-0.85%	6.06%	5.04%	5.93%	5.90%
U.S. Corporate High Yield	0.31%	14.13%	16.23%	58.21%	8.84%
U.S. Corporate Investment Grade	-0.84%	8.05%	7.76%	18.68%	6.10%
Municipal Bond: Long Bond (22+)	-2.40%	1.64%	1.65%	23.43%	3.05%
Global Aggregate	-1.19%	3.80%	1.39%	6.93%	6.51%

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 12/10/10.

Key Rates

As of 12/10

Fed Funds	0.00-0.25%	5-yr CD	2.25%
LIBOR (1-month)	0.26%	2-yr T-Note	0.63%
CPI - Headline	1.20%	5-yr T-Note	1.98%
CPI - Core	0.60%	10-yr T-Note	3.31%
Money Market Accts.	0.65%	30-yr T-Bond	4.42%
Money Market Funds	0.03%	30-yr Mortgage	4.90%
6-mo CD	0.68%	Prime Rate	3.25%
1-yr CD	1.00%	Bond Buyer 40	5.51%

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

Market Indicators

As of 12/10

TED Spread	17 bps
Investment Grade Spread (A2)	179 bps
ML High Yield Master II Index Spread	555 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 12/01/10

Estimated Flows to Long-Term Mutual Funds

	Current Week		Previous	
Domestic Equity	-$1.801	Billion	-$2.585	Billion
Foreign Equity	$1.848	Billion	$141	Million
Taxable Bond	$549	Million	$1.317	Billion
Municipal Bond	-$61	Million	-$3.072	Billion

Change in Money Market Fund Assets

	Current Week		Previous	
Retail	$2.64	Billion	-$6.42	Billion
Institutional	$22.63	Billion	$3.18	Billion

Source: Investment Company Institute

Factoids for the week of December 6th – 10th

Monday, December 6, 2010
With every December comes the potential for tax-selling in closed-end funds and that creates opportunity. Over the past decade, closed-end fund share prices have declined 0.74 percentage points, on average, between the end of October and the end of December, and then gained an average of 2.36 percentage points in January, according to SmartMoney.com and data from Thomas Herzfeld Advisors.

Tuesday, December 7, 2010
Moody's reported that the *global speculative-grade* default rate stood at 3.3% in November, down from 3.7% in October, according to *Bloomberg Businessweek*. Moody's is now forecasting a default rate of 2.9% by December 2010 and 1.8% by November 2011. The *U.S. speculative-grade* default rate stood at 3.5% in November, down from 3.6% in October. Moody's is now forecasting a default rate of 3.1% by December 2010. The default rate on senior loans stood at 2.25% in November, down from 2.28% in October, according to Standard & Poor's LCD. Loan managers expect the default rate to be 1-3% in 2011.

Wednesday, December 8, 2010
A survey by Wells Fargo & Co. found that the average American has saved less than 7% of their retirement goal, according to Reuters. Middle class Americans think they will need $300,000 to fund their retirement, but have saved only $20,000, on average, to date. Respondents in the 50 to 59 group have saved $29,000, on average. "Middle class" is defined as 30 to 69 years old with $40,000 to $100,000 in household income or $25,000 to $100,000 in investable assets and 25 to 29 with income or investable assets of $25,000 to $100,000. The vast majority of respondents admitted they need assistance in planning for retirement, but over two-thirds said they were not willing to pay for the advice.

Thursday, December 9, 2010
The national statistics agency in Brazil reported that GDP growth in Q3 was an annualized 6.7%, just shy of the 6.8% forecast from economists, according to Bloomberg. Q2's GDP growth rate was revised upward from 8.8% to 9.2%. The dip in growth in the last quarter can be attributed to tighter monetary policy to combat rising inflation. Its benchmark rate was lifted earlier this year from 8.75% to 10.75% and could be headed to 11.25% next month. Brazil's central bank has also boosted reserve and capital requirements to temper consumer lending (growing at 20% annually). Inflation is running at 5.63%, which is above the central bank target of 4.50%. The government characterizes the slowdown in growth as a "short-lived blip."

Friday, December 10, 2010
Murray Aitken, senior vice president at IMS Health, sees the U.S. health care system reaping at least $70 billion in savings over the next four years (2011-2014) as many brand-name medicines lose their patent protection, according to Reuters. Generic drug companies are expected to increase their share of the prescription drug market from 77% in the first half of 2010 to 85% or more in 2014. Doctors currently prescribe generics 93% of the time when they are available, up from 83% in 2003.