First Trust Market Watch

Week of May 10th

Stock Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
Dow Jones Industrial Avg. (10,380)	-5.61%	0.45%	26.99%	22.68%	2.73%
S&P 500 (1,111)	-6.34%	0.26%	25.02%	26.47%	1.04%
NASDAQ 100 (1,849)	-7.54%	-0.36%	33.96%	54.63%	5.46%
S&P 500 Growth	-6.61%	-1.91%	23.94%	31.58%	1.63%
S&P 500 Value	-6.08%	2.48%	25.97%	21.17%	0.35%
S&P MidCap 400 Growth	-7.99%	4.52%	34.63%	41.23%	5.07%
S&P MidCap 400 Value	-8.08%	4.71%	36.18%	33.77%	4.26%
S&P SmallCap 600 Growth	-7.13%	4.67%	32.93%	28.34%	3.73%
S&P SmallCap 600 Value	-8.77%	6.99%	35.51%	22.86%	3.37%
MSCI EAFE	-10.02%	-10.89%	14.85%	31.78%	1.33%
MSCI World (ex US)	-9.59%	-8.97%	19.63%	41.45%	3.93%
MSCI World	-8.12%	-5.13%	20.22%	29.99%	1.30%
MSCI Emerging Markets	-9.03%	-5.71%	32.38%	78.51%	13.53%

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 05/07/10.

S&P Sector Performance

Index	Week	YTD	12-mo.	2009	5-yr
Consumer Discretionary	-7.59%	8.31%	37.91%	41.33%	1.69%
Consumer Staples	-2.95%	1.28%	23.07%	14.89%	5.68%
Energy	-7.85%	-3.16%	10.79%	13.86%	6.91%
Financials	-6.57%	5.25%	26.77%	17.24%	-9.64%
Health Care	-3.78%	-4.32%	19.86%	19.70%	0.89%
Industrials	-7.89%	8.47%	34.30%	20.93%	1.29%
Information Technology	-7.54%	-4.09%	34.05%	61.72%	4.34%
Materials	-8.47%	-5.40%	21.82%	48.57%	3.72%
Telecom Services	-3.71%	-7.97%	3.60%	8.93%	1.98%
Utilities	-4.37%	-5.33%	13.12%	11.91%	3.28%

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 05/07/10.

Bond Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
U.S. Treasury: Intermediate	0.81%	2.76%	3.14%	-1.41%	5.16%
GNMA 30 Year	0.50%	3.13%	6.10%	5.37%	6.02%
U.S. Aggregate	0.45%	3.30%	8.73%	5.93%	5.50%
U.S. Corporate High Yield	-2.56%	4.33%	33.82%	58.21%	7.86%
U.S. Corporate Investment Grade	-0.25%	3.90%	20.44%	18.68%	5.44%
Municipal Bond: Long Bond (22+)	0.32%	4.36%	14.49%	23.43%	4.12%
Global Aggregate	-1.32%	-1.58%	7.35%	6.93%	4.44%

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 05/07/10.

Key Rates

As of 05/07

Fed Funds	0.00-0.25%	5-yr CD	2.88%
LIBOR (1-month)	0.29%	2-yr T-Note	0.81%
CPI - Headline	2.30%	5-yr T-Note	2.16%
CPI - Core	1.10%	10-yr T-Note	3.42%
Money Market Accts.	0.76%	30-yr T-Bond	4.27%
Money Market Funds	0.03%	30-yr Mortgage	5.02%
6-mo CD	0.91%	Prime Rate	3.25%
1-yr CD	1.38%	Bond Buyer 40	5.08%

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

Market Indicators

As of 05/07

TED Spread	27 bps
Investment Grade Spread (A2)	195 bps
ML High Yield Master II Index Spread	646 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 04/28/10

Estimated Flows to Long-Term Mutual Funds

	Current Week		Previous	
Domestic Equity	$247	Million	$2.864	Billion
Foreign Equity	$1.627	Billion	$1.893	Billion
Taxable Bond	$6.926	Billion	$5.945	Billion
Municipal Bond	$392	Million	$710	Million

Change in Money Market Fund Assets

	Current Week		Previous	
Retail	-$2.60	Billion	-$10.59	Billion
Institutional	-$16.22	Billion	$4.74	Billion

Source: Investment Company Institute

Factoids for the week of May 3rd – May 7th

Monday, May 3, 2010

Strategy Analytics announced last Friday that smartphone shipments surged 50% (y-o-y) in Q1'10, according to Reuters. That is the strongest showing in three years. Close to 54 million units were shipped. These handsets have computer-like functionality and they comprise 18% of the total handset market. Nokia, RIM and Apple were tops in terms of market share. Nokia's share rose from 38.2% a year ago to 40.0%. RIM's share declined slightly from 20.3% to 19.7%, while Apple's share rose from 10.6% to 16.4%.

Tuesday, May 4, 2010

In April, the dividend-payers (368) in the S&P 500 (equal weight) posted a total return of 3.23%, vs. 1.68% for the non-payers (132), according to Standard & Poor's. Year-to-date through April, the payers were up 11.87%, vs. a gain of 10.17% for the non-payers. For the 12-month period ended April, payers were up 51.92%, vs. a gain of 57.19% for the non-payers. The number of dividend increases year-to-date (through April 28) totaled 94. That topped the 68 increases registered in the first four months of 2009. One company decreased its dividend, down from 50 in the first four months of 2009. One company suspended its dividend, down from nine in the first four months of 2009.

Wednesday, May 5, 2010

The price of gold bullion is trading near $1,173 per ounce this morning, well below its peak of $1,226 back in November 2009. Despite exploding deficits and mounting inflation fears gold has been mostly trading in a $1,100 to $1,200 range since last November. Three things contributing to the stall are a lack of demand from hedge funds and other institutional investors, a bit of a rebound in the dollar, and an increase in the supply of gold, according to MSNMoney.com. Institutional investors have been funneling more of their capital into equities since the market bottomed on March 9, 2009. The supply of scrap gold (think advertisements asking people to trade in their jewelry for cash) rose 27% in 2008 and an estimated 16% in 2009, according to David Davis, analyst at Credit Suisse Standard Securities. The supply of scrap as a percentage of mine production rose from 19% in 1989 to over 50% in 2008. Davis also estimates that mining production, currently at 2,663 tons per year, will increase by 110 tons per year over the next five years. A surge in inflation or further deterioration in the sovereign debt market could boost demand for gold.

Thursday, May 6, 2010

Standard & Poor's noted that the operating earnings for the 381 companies in the S&P 500 that have reported their Q1'10 results are up 82% on a year-over-year basis, according to *USA TODAY*. That is the biggest jump in earnings since S&P began using the same methodology in 1988. Revenue is up over 8% on increased demand. Earnings were improving in recent quarters due mostly to cost-cutting initiatives. Nine out of the 10 major sectors are posting earnings growth. The only sector not participating is Telecommunication Services, with earnings down 1.2%.

Friday, May 7, 2010

Despite the 7.7% decline in the S&P 500 since its close on April 23 (1217 to 1123), Birinyi Associates reiterated its forecast that the index will climb to 1325 in 2010, according to *BusinessWeek*. That is 18.0% higher than where it stood at 10:20 CST this morning. Since 1970, the S&P 500 gained 18%, on average, in the 12 months following 15 collapses, scandals and bankruptcies.