First Trust

Market Watch

Week of June 7th

Stock Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
Dow Jones Industrial Avg. (9,932)	-2.00%	-3.60%	16.68%	22.68%	1.61%
S&P 500 (1,065)	-2.22%	-3.69%	15.32%	26.47%	-0.23%
NASDAQ 100 (1,832)	-1.06%	-1.17%	23.57%	54.63%	4.04%
S&P 500 Growth	-1.81%	-5.17%	13.28%	31.58%	0.51%
S&P 500 Value	-2.63%	-2.18%	17.53%	21.17%	-1.05%
S&P MidCap 400 Growth	-3.06%	2.72%	24.94%	41.23%	3.83%
S&P MidCap 400 Value	-3.83%	1.15%	25.69%	33.77%	2.65%
S&P SmallCap 600 Growth	-3.06%	2.72%	22.49%	28.34%	2.50%
S&P SmallCap 600 Value	-4.71%	2.37%	22.25%	22.86%	1.63%
MSCI EAFE	-1.44%	-13.43%	4.04%	31.78%	0.96%
MSCI World (ex US)	-1.13%	-11.08%	8.09%	41.45%	3.58%
MSCI World	-1.80%	-8.28%	9.71%	29.99%	0.46%
MSCI Emerging Markets	-0.35%	-6.77%	19.33%	78.51%	13.01%

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 06/04/10.

S&P Sector Performance

Index	Week	YTD	12-mo.	2009	5-yr
Consumer Discretionary	-2.60%	6.17%	33.14%	41.33%	0.51%
Consumer Staples	-0.91%	-1.34%	12.93%	14.89%	4.96%
Energy	-2.55%	-9.24%	-1.76%	13.86%	4.99%
Financials	-3.60%	-1.35%	15.23%	17.24%	-11.09%
Health Care	-1.28%	-8.43%	12.42%	19.70%	0.01%
Industrials	-3.76%	2.53%	23.00%	20.93%	-0.25%
Information Technology	-0.86%	-5.49%	22.63%	61.72%	2.83%
Materials	-5.17%	-11.26%	7.21%	48.57%	2.94%
Telecom Services	-0.79%	-8.87%	5.38%	8.93%	1.10%
Utilities	-2.13%	-8.54%	8.56%	11.91%	2.19%

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 06/04/10.

Bond Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
U.S. Treasury: Intermediate	0.45%	3.73%	5.15%	-1.41%	5.15%
GNMA 30 Year	0.48%	4.48%	7.73%	5.37%	6.15%
U.S. Aggregate	0.51%	4.23%	9.57%	5.93%	5.39%
U.S. Corporate High Yield	-0.04%	3.19%	26.04%	58.21%	7.01%
U.S. Corporate Investment Grade	0.62%	4.22%	17.10%	18.68%	5.06%
Municipal Bond: Long Bond (22+)	0.04%	4.73%	14.31%	23.43%	3.81%
Global Aggregate	-0.67%	-2.35%	3.63%	6.93%	4.49%

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 06/04/10.

Key Rates

As of 06/04

Fed Funds	0.00-0.25%	5-yr CD	2.80%
LIBOR (1-month)	0.35%	2-yr T-Note	0.72%
CPI - Headline	2.20%	5-yr T-Note	1.98%
CPI - Core	0.90%	10-yr T-Note	3.20%
Money Market Accts.	0.78%	30-yr T-Bond	4.13%
Money Market Funds	0.03%	30-yr Mortgage	4.88%
6-mo CD	0.89%	Prime Rate	3.25%
1-yr CD	1.41%	Bond Buyer 40	5.10%

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

Market Indicators

As of 06/04

TED Spread	40 bps
Investment Grade Spread (A2)	213 bps
ML High Yield Master II Index Spread	715 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 05/26/10

Estimated Flows to Long-Term Mutual Funds

	Current Week		Previous	
Domestic Equity	-$13.442	Billion	-$4.794	Billion
Foreign Equity	-$3.945	Billion	-$1.883	Billion
Taxable Bond	$2.420	Billion	-$729	Million
Municipal Bond	$459	Million	$913	Million

Change in Money Market Fund Assets

	Current Week		Previous	
Retail	$2.06	Billion	$3.79	Billion
Institutional	-$11.70	Billion	$1.13	Billion

Source: Investment Company Institute

Factoids for the week of May 31st – June 4th

Monday, May 31, 2010
Memorial Day Holiday, Markets Closed

Tuesday, June 1, 2010
Standard and Poor's uses four categories to classify sell-offs in equities: *noise* (decline up to 4.9%); *pullback* (decline of 5.0% to 9.9%); *correction* (decline of 10.0% to 19.9%); and *bear market* (decline of 20% or more). It refers to bear markets with losses exceeding 40.0% as mega-meltdowns. Since 1946, the S&P 500 has experienced 53 pullbacks with an average decline of 7%, 18 corrections with an average decline of 14%, and 12 bear markets with an average decline of 33% (three were mega-meltdowns), according to Sam Stovall, Chief Investment Strategist at S&P. With respect to the 18 corrections, once they bottomed it took only four months, on average, to climb back above the pre-correction level.

Wednesday, June 2, 2010
The United Nations suggests that individuals require 20 to 50 liters of safe freshwater a day to ensure their basic needs of drinking, cooking and cleaning, according to the World Water Assessment Programme. Unfortunately, more than one out of six people worldwide (894 million) do not have access to this amount of safe freshwater. The goal of the UN's Millennium Development Target 7.C. is to cut that number in half by 2015. The *UN-Water GLAAS Report 2010* (Global Annual Assessment of Sanitation and Drinking Water) noted that a World Health Organization study estimates that if that goal were to be achieved there would be the potential for economic benefits ranging from $3 to $34 – depending on the region – for every $1 invested in sanitation and drinking water.

Thursday, June 3, 2010
Renewable energy currently makes up about 7% of the total power consumption in the U.S., according to *Forbes*. Fossil fuels account for 84% of consumption and nuclear power comes in at around 9%. The oil leak in the Gulf is breathing life back into the push for clean technology. The Kerry-Lieberman Climate Bill, for example, seeks to reduce the use of fossil fuels from 84% to 70%. It calls for an increase in renewable and nuclear usage from around 7% and 9%, respectively, to 14% and 16%, respectively. This is an aggressive goal considering that both solar and wind energy accounted for less than 1% of energy consumption in 2008, according to the latest data from the Department of Energy.

Friday, June 4, 2010
In May, the dividend-payers (368) in the S&P 500 (equal weight) posted a total return of -7.75%, vs. -6.41% for the non-payers (132), according to Standard & Poor's. Year-to-date through May, the payers were up 3.20%, vs. a gain of 3.11% for the non-payers. For the 12-month period ended May, payers were up 55.98%, vs. a gain of 77.39% for the non-payers. The number of dividend increases year-to-date totaled 119, up from 77 increases a year ago. One company decreased its dividend, down from 54 a year ago. One company suspended its dividend, down from nine a year ago.