First Trust

Market Watch

Week of January 10th

Stock Index Performance

Index	Week	YTD	12-mo.	2010	5-yr
Dow Jones Industrial Avg. (11,675)	0.92%	0.92%	13.08%	14.06%	4.01%
S&P 500 (1,272)	1.16%	1.16%	13.63%	15.06%	1.92%
NASDAQ 100 (2,277)	2.66%	2.66%	22.26%	20.15%	6.22%
S&P 500 Growth	0.84%	0.84%	14.31%	15.09%	3.14%
S&P 500 Value	1.50%	1.50%	13.05%	15.13%	0.62%
S&P MidCap 400 Growth	0.24%	0.24%	27.39%	30.65%	6.08%
S&P MidCap 400 Value	0.52%	0.52%	19.78%	22.80%	4.20%
S&P SmallCap 600 Growth	0.39%	0.39%	26.21%	28.43%	4.72%
S&P SmallCap 600 Value	-0.19%	-0.19%	21.68%	25.01%	3.43%
MSCI EAFE	-0.82%	-0.82%	5.03%	7.75%	1.27%
MSCI World (ex US)	-0.72%	-0.72%	8.22%	11.15%	3.63%
MSCI World	0.13%	0.13%	9.59%	11.76%	1.65%
MSCI Emerging Markets	-0.35%	-0.35%	15.53%	18.88%	11.49%

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 01/07/11.

S&P Sector Performance

Index	Week	YTD	12-mo.	2010	5-yr
Consumer Discretionary	0.74%	0.74%	26.28%	27.85%	4.07%
Consumer Staples	-0.95%	-0.95%	12.21%	14.12%	7.35%
Energy	0.46%	0.46%	15.83%	20.46%	7.14%
Financials	1.71%	1.71%	7.18%	12.18%	-10.70%
Health Care	1.87%	1.87%	3.09%	2.90%	1.69%
Industrials	1.17%	1.17%	23.77%	26.74%	3.15%
Information Technology	2.66%	2.66%	12.88%	10.22%	4.42%
Materials	-0.32%	-0.32%	16.76%	22.34%	6.70%
Telecom Services	0.28%	0.28%	20.40%	18.97%	6.14%
Utilities	0.81%	0.81%	7.32%	5.46%	3.58%

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 01/07/11.

Bond Index Performance

Index	Week	YTD	12-mo.	2010	5-yr
U.S. Treasury: Intermediate	0.10%	0.10%	5.06%	5.29%	5.40%
GNMA 30 Year	0.00%	0.00%	6.30%	6.71%	6.18%
U.S. Aggregate	0.02%	0.02%	6.10%	6.54%	5.74%
U.S. Corporate High Yield	0.91%	0.91%	14.02%	15.12%	8.90%
U.S. Corporate Investment Grade	0.02%	0.02%	8.24%	9.00%	6.02%
Municipal Bond: Long Bond (22+)	-0.64%	-0.64%	0.07%	1.12%	2.53%
Global Aggregate	-1.50%	-1.50%	3.75%	5.55%	5.91%

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 01/07/11.

Key Rates

As of 01/07

Fed Funds	0.00-0.25%	5-yr CD	2.26%
LIBOR (1-month)	0.26%	2-yr T-Note	0.59%
CPI - Headline	1.10%	5-yr T-Note	1.95%
CPI - Core	0.80%	10-yr T-Note	3.32%
Money Market Accts.	0.64%	30-yr T-Bond	4.48%
Money Market Funds	0.03%	30-yr Mortgage	4.79%
6-mo CD	0.72%	Prime Rate	3.25%
1-yr CD	1.04%	Bond Buyer 40	5.59%

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

Market Indicators

As of 01/07

TED Spread	16 bps
Investment Grade Spread (A2)	172 bps
ML High Yield Master II Index Spread	524 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 12/29/10

Estimated Flows to Long-Term Mutual Funds

	Current Week		Previous	
Domestic Equity	$493	Million	$355	Million
Foreign Equity	$2.289	Billion	$3.604	Billion
Taxable Bond	$2.468	Billion	-$837	Million
Municipal Bond	-$2.827	Billion	-$3.531	Billion

Change in Money Market Fund Assets

	Current Week		Previous	
Retail	$2.91	Billion	$0.29	Billion
Institutional	-$15.08	Billion	$22.10	Billion

Source: Investment Company Institute

Factoids for the week of January 3rd – 7th

Monday, January 3, 2011

In December, the dividend-payers (373) in the S&P 500 (equal weight) posted a total return of 7.37%, vs. 6.73% for the non-payers (127), according to Standard & Poor's. In 2010, the payers were up 18.75%, vs. a gain of 16.24% for the non-payers. The number of dividend increases in 2010 totaled 243, up from 151 increases a year ago. Thirteen companies initiated a dividend, up from 6 a year ago. Four companies decreased their dividends, down from 68 a year ago. One company suspended its dividend, down from 10 a year ago.

Tuesday, January 4, 2011

The current bull market in the S&P 500 has lasted 665 calendar days, according to Bespoke Investment Group. The bear market that preceded it lasted 517 calendar days. Since 1928, the average bull market has lasted 915 calendar days, vs. 310 for the average bear market. That is nearly three times as long. Since 1940, the average bull has lasted 1,600 calendar days, which just happens to be slightly more than three times the duration (517 days) of the last bear market.

Wednesday, January 5, 2011

Munich Re reported that a number of extreme natural disasters in 2010, including severe earthquakes (Chile and Haiti), floods (Pakistan) and heat waves (Russia), contributed to the sixth-highest total for insurer losses since 1980, according to *USA TODAY*. Insured losses totaled $37 billion in 2010, up from $22 billion in 2009. Munich Re estimates the amount of economic loss, including losses not covered by insurance, totaled $130 billion, up from $50 billion in 2009. All in all, there were 950 natural catastrophes recorded in 2010.

Thursday, January 6, 2011

Exchange traded fund (ETF) assets surpassed $1 trillion for the first time ever in December. Investors poured approximately $122 billion into ETFs in 2010, according to IndexUniverse.com. There were 219 new ETFs launched and many were characterized as highly specialized and speculative, according to ETF Database. Thirty-eight of them utilize futures and options. The industry's largest fund is the SPDR S&P 500 ETF at $90 billion. At the close of Q3'10, the top 100 ETFs (out of 890) accounted for 83.1% of the industry's assets, according to Barrons.com.

Friday, January 7, 2011

Approximately 7,000 publicly owned companies report dividend information to Standard & Poor's Dividend Record. In Q4'10, 28 companies decreased their dividend distributions – a significant improvement from the 74 cuts in Q4'09, according to S&P. The number of companies that increased their distributions totaled 696 – up 43.8% from the 484 increases registered in Q4'09. In 2010, 145 companies decreased their dividend distributions, down from 804 last year. Increases jumped from 1,191 in 2009 to 1,729 in 2010. Howard Silverblatt, Senior Index Analyst at S&P, reported a net increase in annual dividend rates of $26.5 billion in 2010, compared to a $42.4 billion decline in rates in 2009.