First Trust

Market Watch

Week of November 14th

Stock Index Performance

Index	Week	YTD	12-mo.	2010	5-yr.
Dow Jones Industrial Avg. (12,154)	1.56%	7.37%	10.59%	14.06%	2.84%
S&P 500 (1,264)	0.94%	2.28%	6.29%	15.06%	0.38%
NASDAQ 100 (2,356)	-0.01%	6.99%	9.39%	20.15%	6.83%
S&P 500 Growth	0.81%	5.51%	8.62%	15.09%	3.02%
S&P 500 Value	1.09%	-1.04%	3.92%	15.13%	-2.34%
S&P MidCap 400 Growth	-1.38%	1.75%	8.39%	30.65%	6.11%
S&P MidCap 400 Value	-0.16%	-2.73%	2.85%	22.80%	1.84%
S&P SmallCap 600 Growth	0.06%	3.47%	10.58%	28.43%	4.28%
S&P SmallCap 600 Value	0.43%	-3.09%	4.26%	25.01%	0.43%
MSCI EAFE	-0.24%	-9.33%	-8.18%	7.75%	-3.18%
MSCI World (ex US)	-0.65%	-10.43%	-9.02%	11.15%	-1.18%
MSCI World	0.29%	-3.94%	-1.29%	11.76%	-1.30%
MSCI Emerging Markets	-1.86%	-13.69%	-12.60%	18.88%	5.25%

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 11/11/11.

S&P Sector Performance

Index	Week	YTD	12-mo.	2010	5-yr.
Consumer Discretionary	1.27%	6.63%	10.48%	27.85%	2.81%
Consumer Staples	1.41%	9.32%	12.12%	14.12%	7.37%
Energy	1.45%	7.31%	14.47%	20.46%	5.82%
Financials	-0.40%	-16.08%	-11.48%	12.18%	-16.00%
Health Care	2.50%	10.00%	11.10%	2.90%	3.03%
Industrials	0.83%	-1.51%	5.38%	26.74%	0.86%
Information Technology	0.32%	5.56%	7.61%	10.22%	4.58%
Materials	0.39%	-6.04%	0.52%	22.34%	3.53%
Telecom Services	1.10%	3.01%	8.04%	18.97%	1.92%
Utilities	1.09%	16.52%	16.99%	5.46%	3.76%

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 11/11/11.

Bond Index Performance

Index	Week	YTD	12-mo.	2010	5-yr.
U.S. Treasury: Intermediate	0.00%	6.01%	3.74%	5.29%	5.97%
GNMA 30 Year	-0.14%	6.88%	5.91%	6.71%	6.87%
U.S. Aggregate	-0.25%	6.90%	5.26%	6.54%	6.38%
U.S. Corporate High Yield	-0.78%	3.49%	3.32%	15.12%	7.63%
U.S. Corporate Investment Grade	-0.90%	7.42%	5.71%	9.00%	6.70%
Municipal Bond: Long Bond (22+)	0.02%	12.42%	6.37%	1.12%	3.86%
Global Aggregate	-0.47%	5.99%	4.38%	5.55%	6.67%

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 11/11/11.

Key Rates

As of 11/11/11

Fed Funds	0.00-0.25%	5-yr CD	1.52%
LIBOR (1-month)	0.25%	2-yr T-Note	0.23%
CPI - Headline	3.90%	5-yr T-Note	1.45%
CPI - Core	2.00%	10-yr T-Note	2.05%
Money Market Accts.	0.49%	30-yr T-Bond	3.13%
Money Market Funds	0.02%	30-yr Mortgage	4.09%
6-mo CD	0.48%	Prime Rate	3.25%
1-yr CD	0.74%	Bond Buyer 40	5.00%

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

Market Indicators

As of 11/11/11

TED Spread	45 bps
Investment Grade Spread (A2)	250 bps
ML High Yield Master II Index Spread	747 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 11/2/11

Estimated Flows to Long-Term Mutual Funds

	Current Week		Previous	
Domestic Equity	-$3.363	Billion	-$3.200	Billion
Foreign Equity	$174	Million	-$680	Million
Taxable Bond	$2.437	Billion	$4.189	Billion
Municipal Bond	$648	Million	$850	Million

Change in Money Market Fund Assets

	Current Week		Previous	
Retail	-$2.35	Billion	-$1.39	Billion
Institutional	$18.81	Billion	-$10.55	Billion

Source: Investment Company Institute

Factoids for the week of November 4th – 11th

Monday, November 7, 2011

Congress is expected to decide by the end of December whether to continue providing unemployment benefits for up to 99 weeks in the hardest-hit states, according to *Bloomberg Businessweek*. The Census Bureau claims unemployment benefits kept 3.2 million people from slipping into poverty (annual income below $22,314 for a family of four) in 2010. Nearly 33% of America's 14 million unemployed have been out of work for a year or longer. Close to two million people have already used up their 99 unemployment checks and still can't find work.

Tuesday, November 8, 2011

Moody's reported that the *global speculative-grade* default rate stood at 1.9% in October, up slightly from 1.8% in September, according to MarketWatch.com. The rate was 3.7% a year ago. Moody's is forecasting a default rate of 1.4% for December 2011. The *U.S. speculative-grade* default rate stood at 2.0% in October, no change from September. The rate was 3.6% a year ago. The default rate on senior loans stood at 0.92% in October, up slightly from 0.90% in September, according to Standard & Poor's LCD. The rate was 2.28% a year ago. The historical average is 3.35%.

Wednesday, November 9, 2011

Municipal bond defaults continued to fall in Q3'11, according to Reuters. Data from Income Securities Advisors (ISA) showed there were just 12 defaults totaling $126 million, down from 18 defaults in Q3'10 totaling $591 million. ISA expects the combined value of defaults to rise in Q4 based on the October 12th bankruptcy filing by Harrisburg, Pennsylvania. It is defaulting on debt valued at approximately $672 million. There were 42 defaults valued at $948 million in the first nine months of 2011, down from 79 issues valued at $2.9 billion over the same period in 2010. These totals are quite small when you consider that new issuance in the municipal bond market averaged $410 billion a year from 2006-2010, according to data from Thomson Reuters.

Thursday, November 10, 2011

Underwriter commissions for U.S-based IPOs, excluding REITs and closed-end funds, trading on major exchanges totaled $1.01 billion year-to-date through November 8, according to Standard Poor's. That total already eclipsed all of the underwriting commissions earned in 2010. The $1.01 billion is the most since the $1.5 billion earned in 2007.

Friday, November 11, 2011

Business loans from banks are expected to grow by 12% in 2012, pushing outstanding commercial and industrial loans to nearly $1.5 trillion, according to Kiplinger.com. That would bring business lending back to around mid-2008 levels. Such loans are on pace to grow by 10% this year, up from a 5.6% decline in 2009, according to data from the Federal Reserve.