First Trust

Market Watch

Week of May 9th

Stock Index Performance

Index	Week	YTD	12-mo.	2010	5-yr
Dow Jones Industrial Avg. (12,639)	-1.29%	10.05%	23.31%	14.06%	4.54%
S&P 500 (1,340)	-1.68%	7.22%	21.17%	15.06%	2.36%
NASDAQ 100 (2,383)	-0.83%	7.69%	26.81%	20.15%	7.48%
S&P 500 Growth	-1.39%	7.12%	23.45%	15.09%	4.39%
S&P 500 Value	-1.98%	7.34%	19.05%	15.13%	0.27%
S&P MidCap 400 Growth	-2.70%	10.60%	34.52%	30.65%	7.08%
S&P MidCap 400 Value	-2.43%	8.35%	24.09%	22.80%	3.83%
S&P SmallCap 600 Growth	-2.88%	10.37%	31.89%	28.43%	4.68%
S&P SmallCap 600 Value	-3.13%	4.18%	17.99%	25.01%	1.67%
MSCI EAFE	-2.08%	7.26%	25.76%	7.75%	0.54%
MSCI World (ex US)	-2.51%	5.74%	25.47%	11.15%	2.44%
MSCI World	-1.99%	7.07%	23.27%	11.76%	1.50%
MSCI Emerging Markets	-3.27%	1.78%	25.41%	18.88%	8.37%

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 05/06/11.

S&P Sector Performance

Index	Week	YTD	12-mo.	2010	5-yr
Consumer Discretionary	-0.74%	8.05%	25.11%	27.85%	4.75%
Consumer Staples	-0.22%	7.67%	20.69%	14.12%	8.61%
Energy	-6.94%	10.30%	35.10%	20.46%	6.96%
Financials	-1.66%	1.36%	6.71%	12.18%	-11.78%
Health Care	0.62%	13.20%	20.09%	2.90%	4.96%
Industrials	-1.67%	9.88%	25.71%	26.74%	2.65%
Information Technology	-0.94%	5.52%	18.43%	10.22%	5.45%
Materials	-3.75%	2.79%	31.17%	22.34%	5.17%
Telecom Services	-0.02%	6.67%	37.02%	18.97%	5.66%
Utilities	0.40%	7.35%	18.87%	5.46%	4.74%

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 05/06/11.

Bond Index Performance

Index	Week	YTD	12-mo.	2010	5-yr
U.S. Treasury: Intermediate	0.46%	1.47%	3.83%	5.29%	5.85%
GNMA 30 Year	0.47%	2.38%	5.86%	6.71%	6.94%
U.S. Aggregate	0.57%	2.28%	5.12%	6.54%	6.48%
U.S. Corporate High Yield	0.30%	5.81%	15.51%	15.12%	9.35%
U.S. Corporate Investment Grade	0.82%	3.44%	7.37%	9.00%	7.10%
Municipal Bond: Long Bond (22+)	1.32%	3.25%	-0.10%	1.12%	3.25%
Global Aggregate	-0.28%	4.09%	11.47%	5.55%	7.01%

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 05/06/11.

Key Rates

As of 05/06/11

Fed Funds	0.00-0.25%	5-yr CD	2.24%
LIBOR (1-month)	0.21%	2-yr T-Note	0.55%
CPI - Headline	2.70%	5-yr T-Note	1.86%
CPI - Core	1.20%	10-yr T-Note	3.15%
Money Market Accts.	0.62%	30-yr T-Bond	4.29%
Money Market Funds	0.02%	30-yr Mortgage	4.61%
6-mo CD	0.61%	Prime Rate	3.25%
1-yr CD	0.92%	Bond Buyer 40	5.47%

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

Market Indicators

As of 05/06/11

TED Spread	26 bps
Investment Grade Spread (A2)	161 bps
ML High Yield Master II Index Spread	481 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 4/27/11

Estimated Flows to Long-Term Mutual Funds

	Current Week		Previous	
Domestic Equity	-$726	Million	$1.930	Billion
Foreign Equity	-$180	Million	$1.150	Billion
Taxable Bond	$3.618	Billion	$3.320	Billion
Municipal Bond	-$605	Million	-$1.151	Billion

Change in Money Market Fund Assets

	Current Week		Previous	
Retail	-$0.67	Billion	-$10.02	Billion
Institutional	$0.26	Billion	$26.83	Billion

Source: Investment Company Institute

Factoids for the week of May 2nd – 6th

Monday, May 2, 2011

In April, the dividend-payers (386) in the S&P 500 (equal weight) posted a total return of 3.21%, vs. 2.84% for the non-payers (114), according to Standard & Poor's. Y-T-D through April, the payers were up 10.26%, vs. a gain of 11.34% for the non-payers. For the 12-month period ended April '11, payers were up 17.04%, vs. a gain of 17.47% for the non-payers. The number of dividend increases Y-T-D totaled 137, up from 95 increases a year ago. Twelve companies initiated dividends, up from nine a year ago. Two dividends were cut, up from one a year ago.

Tuesday, May 3, 2011

Two of the tornadoes that ripped through the South last week were classified as Category 5s on the Enhanced Fujita Scale, according to Reuters. Wind speeds surpassed 200 miles per hour. Events like this present a major problem for wind farms. Luckily, there are no commercial wind farms in Alabama or Mississippi, according to the American Wind Energy Association. But the most destructive tornadoes in history, from a death toll standpoint (747 people), occurred in 1925 in Missouri, Illinois and Indiana – states that have hundreds of turbines producing thousands of megawatts of electricity. Turbines work best when air currents blow between 25 and 50 miles per hour. Wind speeds above 130 miles per hour can damage the internal components of the turbine as well as the blades.

Wednesday, May 4, 2011

Chief Executive's seventh annual report on the best and worst states in which to do business was just released for 2011 and Texas was ranked #1 for the seventh time, according to ChiefExecutive.net. California grabbed the 50th slot (worst state) for the seventh time. Illinois stands at 48. It has dropped 40 slots in the past five years. The next poorest showing over that span came from Ohio, which fell 19 slots. The top five are as follows: Texas; North Carolina; Florida; Tennessee; and Georgia. The bottom five are as follows: Michigan; New Jersey; Illinois; New York; and California.

Thursday, May 5, 2011

Financial advisers generally recommend that individuals in the Generation X group allocate at least 70% of their retirement account assets to equities, according to SmartMoney.com. While definitions differ to some degree, Gen Xers were born between 1965 and 1979, and their numbers reportedly top 45 million. Fidelity Investments noted that about four million of the Gen Xers in its 401(k) plans now have approximately 43% of their assets in stocks and equity funds, on average, down 10 percentage points from Q1'08. One theory as to why this group is more risk-averse than the Baby Boomers is that they have experienced several booms and busts in a relatively short period of time. Boomers got to participate in the great run in the stock market from 1982-1999.

Friday, May 6, 2011

Roger Altman, Founder and Chairman of Evercore Partners Inc., believes that global M&A deal volume will hit $4.5 trillion by 2013, topping the previous peak of $4 trillion in 2007, according to Bloomberg. Altman noted that M&A cycles tend to last 5-7 years, and we are only two years into this cycle. So far in 2011, total deal volume totaled $839 billion, up 23% from this point a year ago. The 3,000 largest non-financial public companies tracked by Bloomberg worldwide are holding approximately $4.8 trillion in cash and equivalents.