First Trust

Market Watch

Week of June 13th

Stock Index Performance

Index	Week	YTD	12-mo.	2010	5-yr.
Dow Jones Industrial Avg. (11,952)	-1.62%	4.42%	20.59%	14.06%	4.65%
S&P 500 (1,271)	-2.22%	1.93%	19.28%	15.06%	2.44%
NASDAQ 100 (2,221)	-3.10%	0.51%	22.31%	20.15%	8.13%
S&P 500 Growth	-2.30%	2.22%	21.70%	15.09%	4.54%
S&P 500 Value	-2.13%	1.64%	17.01%	15.13%	0.29%
S&P MidCap 400 Growth	-3.30%	4.82%	30.95%	30.65%	8.02%
S&P MidCap 400 Value	-2.76%	1.81%	21.02%	22.80%	4.27%
S&P SmallCap 600 Growth	-3.35%	4.71%	29.79%	28.43%	5.59%
S&P SmallCap 600 Value	-3.08%	-2.43%	18.20%	25.01%	2.40%
MSCI EAFE	-2.43%	2.14%	26.28%	7.75%	1.79%
MSCI World (ex US)	-2.42%	1.21%	25.89%	11.15%	4.05%
MSCI World	-2.37%	1.83%	22.32%	11.76%	2.18%
MSCI Emerging Markets	-2.24%	-0.83%	27.32%	18.88%	12.34%

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 06/10/11.

S&P Sector Performance

Index	Week	YTD	12-mo.	2010	5-yr.
Consumer Discretionary	-2.69%	1.56%	19.70%	27.85%	4.36%
Consumer Staples	-1.24%	5.95%	19.94%	14.12%	8.46%
Energy	-2.35%	8.13%	37.03%	20.46%	8.66%
Financials	-2.62%	-6.72%	3.68%	12.18%	-12.49%
Health Care	-1.11%	11.10%	22.87%	2.90%	4.77%
Industrials	-2.44%	1.74%	23.57%	26.74%	2.63%
Information Technology	-3.24%	-2.08%	14.43%	10.22%	6.16%
Materials	-1.26%	-1.61%	30.39%	22.34%	6.82%
Telecom Services	-1.79%	2.93%	29.05%	18.97%	5.19%
Utilities	-0.58%	6.40%	17.93%	5.46%	4.33%

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 06/10/11.

Bond Index Performance

Index	Week	YTD	12-mo.	2010	5-yr.
U.S. Treasury: Intermediate	0.14%	2.69%	4.64%	5.29%	5.96%
GNMA 30 Year	-0.03%	3.64%	5.97%	6.71%	7.05%
U.S. Aggregate	0.10%	3.31%	6.12%	6.54%	6.53%
U.S. Corporate High Yield	-0.54%	5.17%	18.02%	15.12%	9.25%
U.S. Corporate Investment Grade	0.09%	4.17%	10.21%	9.00%	7.09%
Municipal Bond: Long Bond (22+)	0.19%	5.83%	2.49%	1.12%	3.50%
Global Aggregate	-0.32%	4.66%	12.92%	5.55%	7.09%

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 06/10/11.

Key Rates

As of 06/10/11

Fed Funds	0.00-0.25%	5-yr CD	1.88%
LIBOR (1-month)	0.19%	2-yr T-Note	0.40%
CPI - Headline	3.20%	5-yr T-Note	1.56%
CPI - Core	1.30%	10-yr T-Note	2.97%
Money Market Accts.	0.61%	30-yr T-Bond	4.18%
Money Market Funds	0.02%	30-yr Mortgage	4.47%
6-mo CD	0.54%	Prime Rate	3.25%
1-yr CD	0.90%	Bond Buyer 40	5.26%

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

Market Indicators

As of 06/10/11

TED Spread	20 bps
Investment Grade Spread (A2)	181 bps
ML High Yield Master II Index Spread	543 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 6/01/11

Estimated Flows to Long-Term Mutual Funds

	Current Week		Previous	
Domestic Equity	-$1.091	Billion	-$2.391	Billion
Foreign Equity	$504	Million	-$766	Million
Taxable Bond	$3.057	Billion	$4.068	Billion
Municipal Bond	$20	Million	$37	Million

Change in Money Market Fund Assets

	Current Week		Previous	
Retail	$5.06	Billion	-$2.34	Billion
Institutional	$10.81	Billion	-$19.52	Billion

Source: Investment Company Institute

Factoids for the week of June 6th – 10th

Monday, June 6, 2011
A recent study by Cerulli Associates found that 57% of Americans with at least $10 million of investable assets have five or more financial advisors, according to *Worth*. In 2008, only 16% had four or more advisors. One of the takeaways from the financial crisis in 2008 is the importance of striking a balance between risk and return. One way to potentially mitigate risk is to employ a broader scope of ideas.

Tuesday, June 7, 2011
A report out today from CoreLogic notes that 38% of borrowers who took cash out of their residences via home-equity loans are currently underwater on their mortgages (owe more than house is worth), much higher than the 18% of borrowers that have a single mortgage, according to SmartMoney.com. Home-equity loans account for about 10% of the U.S. mortgage market. For those underwater, borrowers with second mortgages have negative equity totaling $83,000, on average, compared to $52,000 for borrowers with single mortgages. Homeowners took out $2.69 trillion in equity from their homes between 2004 and 2006, according to Federal Reserve Board data. Nationwide, home prices have declined 34% since their peak in 2006, according to the S&P/Case-Shiller National Index.

Wednesday, June 8, 2011
Moody's reported that the *global speculative-grade* default rate stood at 2.4% in May, up slightly from 2.3% in April, according to its own release. The rate was 7.6% a year ago. Moody's is still forecasting a default rate of 1.5% for December 2011. The *U.S. speculative-grade* default rate stood at 2.7% in May, up slightly from 2.6% in April. The default rate on senior loans stood at 1.50% in May, no change from April, according to Standard & Poor's LCD.

Thursday, June 9, 2011
Profitability at U.S. banks will be challenged moving forward unless economic growth accelerates. New regulations requiring banks to hold more capital to offset potential losses is scheduled to start in 2013. Institutions also have new limitations on proprietary trading and credit/debit card fees. Financial companies accounted for 29.3% of U.S. profits for the 12-month period ended March 2011, well off the record high of 41.7% for the period ended September 2002, according to *Bloomberg Businessweek*. The U.S.'s biggest banks are focusing on overseas markets for growth. While the broader market (S&P 500) was up 2.61% y-t-d through June 8, the S&P Financials Index and S&P Banks Index were down 7.16% and 12.85%, respectively.

Friday, June 10, 2011
Demand for used cars is so strong that some car dealers are paying 25% above book value for trade-ins, according to Gerry McCann, sales manager of Duncan Automotive in Blacksburg, Virginia. The National Automobile Dealers Association reported it expects trade-in values to be up 30% (y-o-y) this month, according to MSNBC.com. *Automotive Fleet* reported that rental fleets fell from 1.6 million in 2007 to 1.175 million in 2010, which meant there were a little more than 4 million cars that did not make their way to the used car market.