First Trust

Market Watch

Week of August 15th

Stock Index Performance

Index	Week	YTD	12-mo.	2010	5-yr.
Dow Jones Industrial Avg. (11,269)	-1.37%	-1.11%	12.09%	14.06%	3.07%
S&P 500 (1,179)	-1.64%	-5.14%	10.96%	15.06%	0.69%
NASDAQ 100 (2,182)	-0.55%	-1.14%	20.08%	20.15%	8.67%
S&P 500 Growth	-0.86%	-1.94%	16.25%	15.09%	3.41%
S&P 500 Value	-2.49%	-8.44%	5.75%	15.13%	-2.11%
S&P MidCap 400 Growth	0.92%	-3.00%	22.12%	30.65%	7.04%
S&P MidCap 400 Value	-1.25%	-9.58%	9.57%	22.80%	2.22%
S&P SmallCap 600 Growth	-1.21%	-4.20%	22.42%	28.43%	4.58%
S&P SmallCap 600 Value	-3.39%	-11.23%	11.23%	25.01%	1.01%
MSCI EAFE	-0.92%	-7.70%	6.22%	7.75%	-1.20%
MSCI World (ex US)	-1.61%	-8.72%	6.32%	11.15%	0.84%
MSCI World	-1.06%	-6.43%	9.01%	11.76%	-0.12%
MSCI Emerging Markets	-4.83%	-12.49%	3.80%	18.88%	7.60%

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 08/12/11.

S&P Sector Performance

Index	Week	YTD	12-mo.	2010	5-yr.
Consumer Discretionary	-1.04%	-2.88%	18.22%	27.85%	4.09%
Consumer Staples	-1.30%	2.29%	13.79%	14.12%	6.63%
Energy	-2.03%	-1.07%	26.02%	20.46%	4.29%
Financials	-4.99%	-19.35%	-8.20%	12.18%	-15.05%
Health Care	-0.61%	1.55%	10.51%	2.90%	2.07%
Industrials	-1.32%	-9.07%	8.42%	26.74%	1.34%
Information Technology	-0.63%	-3.25%	15.19%	10.22%	6.45%
Materials	0.41%	-8.85%	15.80%	22.34%	4.99%
Telecom Services	-2.00%	-3.92%	11.38%	18.97%	2.38%
Utilities	-0.68%	3.37%	8.35%	5.46%	2.65%

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 08/12/11.

Bond Index Performance

Index	Week	YTD	12-mo.	2010	5-yr.
U.S. Treasury: Intermediate	1.07%	5.32%	4.41%	5.29%	6.30%
GNMA 30 Year	1.67%	6.85%	7.14%	6.71%	7.45%
U.S. Aggregate	0.91%	6.04%	5.70%	6.54%	6.86%
U.S. Corporate High Yield	-2.88%	1.16%	7.78%	15.12%	8.15%
U.S. Corporate Investment Grade	-0.12%	6.52%	6.82%	9.00%	7.37%
Municipal Bond: Long Bond (22+)	-0.26%	9.57%	3.72%	1.12%	4.03%
Global Aggregate	0.97%	7.32%	9.46%	5.55%	7.48%

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 08/12/11.

Key Rates

As of 08/12/11

Fed Funds	0.00-0.25%	5-yr CD	1.81%
LIBOR (1-month)	0.21%	2-yr T-Note	0.18%
CPI - Headline	3.60%	5-yr T-Note	0.95%
CPI - Core	1.60%	10-yr T-Note	2.25%
Money Market Accts.	0.57%	30-yr T-Bond	3.72%
Money Market Funds	0.01%	30-yr Mortgage	4.22%
6-mo CD	0.54%	Prime Rate	3.25%
1-yr CD	0.88%	Bond Buyer 40	5.07%

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

Market Indicators

As of 08/12/11

TED Spread	28 bps
Investment Grade Spread (A2)	220 bps
ML High Yield Master II Index Spread	731 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 8/03/11

Estimated Flows to Long-Term Mutual Funds

	Current Week		Previous	
Domestic Equity	-$10.435	Billion	-$8.758	Billion
Foreign Equity	-$2.549	Billion	-$1.336	Billion
Taxable Bond	-$2.199	Billion	-$67	Million
Municipal Bond	-$661	Million	-$147	Million

Change in Money Market Fund Assets

	Current Week		Previous	
Retail	$11.74	Billion	$11.41	Billion
Institutional	$41.04	Billion	-$77.25	Billion

Source: Investment Company Institute

Factoids for the week of August 8th – 12th

Monday, August 8, 2011

Investors feeling anxious about the recent volatility in the stock market may find some comfort in the following observation from InvesTech Research: the bull market that began in March 2009 has experienced eight sell-offs of at least 5%, more than any bull market in the past 73 years, according to *Kiplinger's Personal Finance.* The average rally since 1932 has lasted 45 months. The current rally is approaching 29 months old. The S&P 500 doubled from its March 9, 2009, low through July 29, 2011. Since 1932, the average gain in the S&P 500 during bull markets has been 136%, according to Birinyi Associates.

Tuesday, August 9, 2011

Moody's reported that the *global speculative-grade* default rate stood at 1.9% in July, down from 2.3% in June, according to *The Wall Street Journal*. The rate was 5.5% a year ago. Moody's is still forecasting a default rate of 1.5% for December 2011. A total of 16 issuers have defaulted in 2011, well below the 34 defaults registered at this point last year. The *U.S. speculative-grade* default rate stood at 2.3% in July, down from 2.6% in June. The rate was 5.4% a year ago. The default rate on senior loans stood at 1.21% in July, down from 1.51% in June, according to Standard & Poor's LCD. At this pace, the default rate could fall to 0.8% by yearend. The historical average is 3.39%.

Wednesday, August 10, 2011

While the S&P 500 closed yesterday's session down 6.77% (price-only) y-t-d, the index is outperforming all of the BRICs and the rest of the G7 countries, according to Bespoke Investment Group. The BRIC countries have performed as follows (price-only/in local currencies): Russia (-9.31%); China (-10.04%); India (-17.80%); and Brazil (-26.19%). The remaining six G7 countries have performed as follows: Canada (-9.92%); Britain (-12.46%); Japan (-12.56%); Germany (-14.42%); France (-16.52%); and Italy (-22.07%). The Dollar Index (DXY) is down 5.6%. Only 10 out of the 78 countries tracked by Bespoke are positive, and most of them are frontier markets. The top performer is Venezuela, up 42.57%, followed by Botswana, up 11.67%.

Thursday, August 11, 2011

When asked whether they could absorb a $1,000 emergency expense, 64% of those Americans that participated in a survey by the National Foundation for Credit Counseling said they could not, according to CNNMoney.com. The other 36% said they would tap a "rainy day fund." Most would have to opt for some form of borrowing, such as a cash advance on a credit card. Seventeen percent said they would borrow from family or friends. Twelve percent said they would have to sell or pawn some assets to raise the money.

Friday, August 12, 2011

Two of the top three (China and Japan) and five of the top 15 (add India, Australia and S. Korea) nations in terms of GDP are located in the Asia-Pacific region, according to Standard & Poor's. Its Valuation and Risk Strategies research team reported that corporate net income in the Asia-Pacific region rebounded strongly from $506.6 billion in 2009 to $1.05 trillion in 2010. The following three sectors more than doubled their aggregate net income in 2010: Information Technology, Industrials and Materials.