First Trust

Market Watch

Week of August 29th

Stock Index Performance

Index	Week	YTD	12-mo.	2010	5-yr.
Dow Jones Industrial Avg. (11,285)	4.36%	-0.81%	16.04%	14.06%	2.75%
S&P 500 (1,177)	4.77%	-5.21%	14.64%	15.06%	0.21%
NASDAQ 100 (2,162)	6.09%	-1.95%	23.26%	20.15%	7.48%
S&P 500 Growth	5.33%	-2.34%	19.61%	15.09%	2.79%
S&P 500 Value	4.16%	-8.18%	9.75%	15.13%	-2.43%
S&P MidCap 400 Growth	6.70%	-4.52%	23.48%	30.65%	6.38%
S&P MidCap 400 Value	5.52%	-9.58%	12.49%	22.80%	1.92%
S&P SmallCap 600 Growth	6.25%	-5.24%	23.93%	28.43%	4.01%
S&P SmallCap 600 Value	5.91%	-11.52%	14.49%	25.01%	0.49%
MSCI EAFE	0.69%	-10.25%	5.47%	7.75%	-2.11%
MSCI World (ex US)	0.81%	-10.84%	5.56%	11.15%	0.05%
MSCI World	2.80%	-7.76%	10.25%	11.76%	-0.81%
MSCI Emerging Markets	0.63%	-13.64%	3.43%	18.88%	7.36%

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 08/26/11.

S&P Sector Performance

Index	Week	YTD	12-mo.	2010	5-yr.
Consumer Discretionary	6.06%	-2.75%	21.85%	27.85%	4.00%
Consumer Staples	2.12%	4.43%	17.35%	14.12%	6.76%
Energy	3.91%	-2.51%	30.57%	20.46%	3.94%
Financials	5.39%	-19.29%	-3.46%	12.18%	-15.35%
Health Care	4.02%	3.52%	16.47%	2.90%	1.86%
Industrials	6.03%	-10.32%	11.93%	26.74%	0.60%
Information Technology	6.21%	-5.42%	16.25%	10.22%	4.70%
Materials	5.93%	-10.09%	17.58%	22.34%	4.15%
Telecom Services	3.31%	-0.96%	15.80%	18.97%	2.82%
Utilities	2.18%	7.68%	13.05%	5.46%	3.25%

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 08/26/11.

Bond Index Performance

Index	Week	YTD	12-mo.	2010	5-yr.
U.S. Treasury: Intermediate	-0.14%	5.52%	4.08%	5.29%	6.20%
GNMA 30 Year	-0.37%	6.21%	6.22%	6.71%	7.13%
U.S. Aggregate	-0.57%	5.81%	4.59%	6.54%	6.61%
U.S. Corporate High Yield	-0.90%	0.67%	7.09%	15.12%	7.90%
U.S. Corporate Investment Grade	-1.19%	5.52%	4.26%	9.00%	6.90%
Municipal Bond: Long Bond (22+)	-0.55%	9.58%	1.90%	1.12%	3.83%
Global Aggregate	-0.86%	7.70%	8.77%	5.55%	7.40%

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 08/26/11.

Key Rates

As of 08/26/11

Fed Funds	0.00-0.25%	5-yr CD	1.88%
LIBOR (1-month)	0.22%	2-yr T-Note	0.19%
CPI - Headline	3.60%	5-yr T-Note	0.94%
CPI - Core	1.80%	10-yr T-Note	2.18%
Money Market Accts.	0.57%	30-yr T-Bond	3.53%
Money Market Funds	0.02%	30-yr Mortgage	4.28%
6-mo CD	0.53%	Prime Rate	3.25%
1-yr CD	0.83%	Bond Buyer 40	5.08%

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

Market Indicators

As of 08/26/11

TED Spread	31 bps
Investment Grade Spread (A2)	243 bps
ML High Yield Master II Index Spread	750 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 8/17/11

Estimated Flows to Long-Term Mutual Funds

	Current Week		Previous	
Domestic Equity	$1.131	Billion	-$23.493	Billion
Foreign Equity	$345	Million	-$6.511	Billion
Taxable Bond	-$2.735	Billion	-$3.244	Billion
Municipal Bond	-$387	Million	-$1.135	Billion

Change in Money Market Fund Assets

	Current Week		Previous	
Retail	-$6.82	Billion	$9.06	Billion
Institutional	$4.72	Billion	$1.15	Billion

Source: Investment Company Institute

Factoids for the week of August 22nd – 26th

Monday, August 22, 2011

The price of gold bullion rallied as high as $1,894.80 per ounce today in London and is up 15% so far in August, according to Bloomberg. While a Bloomberg survey of 13 traders and analysts revealed a median forecast of $2,000 per ounce by the end of the year, some analysts think it is overbought at this point and vulnerable to a pullback. A lot of the demand for gold bullion is coming from ETFs. Investor's assets in these funds totaled 2,211.1 tons as of August 19, higher than all but four central banks.

Tuesday, August 23, 2011

Wall Street firms raised their earnings estimates on the S&P 500 for the 10th consecutive quarter, with a consensus forecast of 17% for 2011, according to Bloomberg. That projection is 9.9 times more than economists' consensus estimate for GDP growth. The average ratio since 1954 is 5.4 times. Stock analysts are very bullish on corporate earnings.

Wednesday, August 24, 2011

Zacks Investment Research reported that a total of 68 banks have failed so far in 2011, according to MarketIntellisearch.com. There were 157 failures in 2010 and 140 in 2009. High unemployment and continued weakness in residential real estate have been particularly hard on smaller banks. The number of banks on the FDIC's problem institutions list stood at 888 in Q1'11, the highest it has been since the total reached 928 in March 1993 (savings and loan crisis).

Thursday, August 25, 2011

In July, only 63.5% of men in the U.S. held a job (full or part-time), just slightly above the recent low point of 63.3% in December 2009, according to *Bloomberg Businessweek*. These are the lowest levels since 1948. The popping of the real estate bubble eliminated a substantial number of construction jobs – a male-dominated industry. On his recent bus tour, President Obama spoke a lot about funding infrastructure projects to put people to work. Currently, only 81.2% of men in their prime working-age (25-54) hold a job. That percentage never fell below 85% in the 1982-83 recession. In 1969, it was 95%.

Friday, August 26, 2011

Jonathan Litt, managing principal of Land and Buildings Investment Management LLC, just released a report in August in which he noted that the deleveraging that has taken place in the REIT industry makes REITs well-positioned to cope with another financial crisis, according to REIT.com. He believes the fundamentals are actually improving. Traditional REITs recorded growth in funds from operations (FFO) of 10% in Q2'11, with roughly 75% of companies meeting or beating estimates. Litt sees full-year FFO rising by 14%, up from 12% at the start of the year.