First Trust

Market Watch

Week of January 23rd

Stock Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Dow Jones Industrial Avg. (12,720)	2.46%	4.27%	10.52%	8.41%	3.03%
S&P 500 (1,315)	2.06%	4.70%	4.93%	2.12%	0.48%
NASDAQ 100 (2,437)	2.74%	7.02%	7.63%	3.69%	7.03%
S&P 500 Growth	1.94%	3.64%	7.00%	4.70%	2.90%
S&P 500 Value	2.21%	5.96%	3.00%	-0.48%	-1.96%
S&P MidCap 400 Growth	2.58%	5.80%	4.52%	-0.95%	6.05%
S&P MidCap 400 Value	2.73%	6.01%	1.55%	-2.40%	2.41%
S&P SmallCap 600 Growth	2.36%	4.36%	8.95%	3.67%	4.88%
S&P SmallCap 600 Value	3.03%	7.16%	6.43%	-1.34%	1.62%
MSCI EAFE	4.04%	4.26%	-9.19%	-12.14%	-4.01%
MSCI World (ex US)	4.00%	5.28%	-9.42%	-13.71%	-1.92%
MSCI World	2.90%	4.55%	-2.44%	-5.54%	-1.63%
MSCI Emerging Markets	4.44%	8.64%	-10.78%	-18.42%	4.46%

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 1/20/12.

S&P Sector Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Consumer Discretionary	2.20%	5.62%	11.21%	6.24%	2.53%
Consumer Staples	1.01%	-0.25%	13.40%	14.03%	7.15%
Energy	2.78%	3.12%	5.09%	4.72%	6.20%
Financials	2.45%	8.95%	-11.71%	-17.07%	-15.48%
Health Care	1.24%	3.41%	14.13%	12.77%	2.80%
Industrials	1.91%	7.09%	4.20%	-0.59%	1.61%
Information Technology	3.24%	6.02%	4.76%	2.43%	4.91%
Materials	1.38%	9.50%	1.27%	-9.68%	3.12%
Telecom Services	1.05%	0.83%	10.31%	6.33%	1.73%
Utilities	-0.60%	-3.66%	13.24%	20.02%	3.29%

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 1/20/12.

Bond Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
U.S. Treasury: Intermediate	-0.41%	-0.21%	6.54%	6.57%	5.99%
GNMA 30 Year	-0.41%	0.06%	8.38%	7.97%	6.96%
U.S. Aggregate	-0.50%	-0.09%	8.06%	7.84%	6.47%
U.S. Corporate High Yield	0.67%	1.79%	5.26%	4.98%	7.72%
U.S. Corporate Investment Grade	-0.50%	0.33%	8.94%	8.15%	6.86%
Municipal Bond: Long Bond (22+)	-0.45%	2.77%	22.46%	14.88%	4.73%
Global Aggregate	0.39%	0.03%	6.74%	5.64%	6.68%

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 1/20/12.

Key Rates

As of 1/20/12

Fed Funds	0.00-0.25%	5-yr CD	1.39%
LIBOR (1-month)	0.28%	2-yr T-Note	0.24%
CPI - Headline	3.00%	5-yr T-Note	0.89%
CPI - Core	2.20%	10-yr T-Note	2.02%
Money Market Accts.	0.44%	30-yr T-Bond	3.10%
Money Market Funds	0.02%	30-yr Mortgage	3.92%
6-mo CD	0.42%	Prime Rate	3.25%
1-yr CD	0.65%	Bond Buyer 40	4.67%

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

Market Indicators

As of 1/20/12

TED Spread	51 bps
Investment Grade Spread (A2)	256 bps
ML High Yield Master II Index Spread	672 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 1/11/12

	Current Week		Previous	
Domestic Equity	$753	Million	-$7.060	Billion
Foreign Equity	$681	Million	-$2.294	Billion
Taxable Bond	$6.124	Billion	$2.134	Billion
Municipal Bond	$1.744	Billion	$1.178	Billion

Change in Money Market Fund Assets for the Week Ended 1/18/12

	Current Week		Previous	
Retail	-$3.72	Billion	-$6.34	Billion
Institutional	-$8.87	Billion	$17.09	Billion

Source: Investment Company Institute

Factoids for the week of January 16th – 20th

Monday, January 16, 2012

Martin Luther King Holiday – Markets Closed

Tuesday, January 17, 2012

A survey of 214 institutional investors just released by Bank of America Merrill Lynch revealed that more investors are willing to assume risk and fewer are predicting a global slowdown, according to FoxBusiness.com. Only a net 3% of institutional investors believe the global economy will weaken in the next 12 months, down from 27% in December. That is the biggest one-month improvement in sentiment since May 2009. While most continue to shy away from European equities, investors are favoring energy and technology stocks. Managers in the U.S. are once again investing in banks.

Wednesday, January 18, 2012

The amount of shares trading in the U.S. equities markets shrank in 2011 as companies sold fewer new shares and bought more of their existing shares back. Overall, 1,973 U.S. companies issued $169 billion of new stock, while repurchasing $397 billion of stock, according to data compiled by Birinyi Associates Inc. and Bloomberg. The constituents in the S&P 500 reduced their outstanding share count by 0.6% in Q4'11, the first decline since Q1'09. A reduction in share count indicates that executives would rather buy back shares in an effort to boost the value of their stock than use the cash to expand. Companies continued to exploit the low interest rate climate to raise capital by issuing debt. Corporate debt sales rose 3.2%, compared to an 8% reduction in equity share sales. That is the widest margin since 2008.

Thursday, January 19, 2012

Morningstar data shows that investors funneled $5 billion into municipal bond funds in December, the most in 16 months, according to SmartMoney.com. The inflows carried over into January as investors put in another $1.1 billion for the week ended 1/11/12, the biggest weekly amount since March 2010, according to Lipper. The yield on the Bond Buyer 40 Index was 4.59% as of yesterday's close. That was 163 basis points higher than the yield on the 30-Year T-Bond.

Friday, January 20, 2012

The FTSE NAREIT Equity REITs Index posted a total return of 8.29% in 2011, which compared favorably to the 2.09% gain posted by the S&P 500, according to REIT.com. Equity REITs have outperformed the S&P 500 for the past 1-, 3-, 10-, 15-, 20-, 25-, 30-, and 35-year periods, according to the National Association of Real Estate Investment Trusts (NAREIT). The FTSE NAREIT Equity REITs Index closed 2011 34.23% below its 10-year high from February 2007. The Americas sector of the FTSE EPRA/NAREIT Global Real Estate Index posted a 3.99% total return for 2011. The foreign sectors performed as follows (USD): Europe (-13.38%); Middle East/Africa (-18.20%); and (-19.74%) Asia/Pacific. As of Q3'11, the listed U.S. REIT industry's ratio of debt divided by total market capitalization stood at 41.6%, approximately its historical average, according to REIT.com.