First Trust

Market Watch

Week of October 1st

Stock Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Dow Jones Industrial Avg. (13,437)	-1.05%	12.19%	26.52%	8.41%	2.16%
S&P 500 (1,441)	-1.30%	16.45%	30.21%	2.12%	1.05%
NASDAQ 100 (2,799)	-2.17%	23.93%	32.40%	3.69%	6.86%
S&P 500 Growth	-1.38%	17.00%	29.67%	4.70%	3.57%
S&P 500 Value	-1.19%	15.78%	30.82%	-0.48%	-1.55%
S&P MidCap 400 Growth	-1.27%	14.25%	25.97%	-0.95%	5.26%
S&P MidCap 400 Value	-2.00%	13.69%	31.78%	-2.40%	2.55%
S&P SmallCap 600 Growth	-1.89%	13.33%	31.34%	3.67%	4.11%
S&P SmallCap 600 Value	-2.26%	14.78%	36.17%	-1.34%	2.69%
MSCI EAFE	-2.68%	10.08%	13.76%	-12.14%	-5.24%
MSCI World (ex US)	-2.02%	10.38%	14.48%	-13.71%	-4.11%
MSCI World	-1.86%	13.01%	21.59%	-5.54%	-2.14%
MSCI Emerging Markets	-0.37%	11.98%	16.93%	-18.42%	-1.28%

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 9/28/12.

S&P Sector Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Consumer Discretionary	-1.59%	21.38%	36.76%	6.24%	6.87%
Consumer Staples	-0.48%	12.74%	24.30%	14.03%	8.14%
Energy	-1.50%	7.56%	27.12%	4.72%	0.99%
Financials	-1.54%	21.62%	34.81%	-17.07%	-12.63%
Health Care	-0.23%	17.80%	29.54%	12.77%	4.76%
Industrials	-1.10%	11.23%	29.60%	-0.59%	-0.58%
Information Technology	-2.35%	21.78%	32.40%	2.43%	4.81%
Materials	-1.78%	11.96%	29.19%	-9.68%	0.00%
Telecom Services	-1.04%	25.89%	35.89%	6.33%	2.73%
Utilities	1.03%	4.27%	12.90%	20.02%	2.43%

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 9/28/12.

Bond Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
U.S. Treasury: Intermediate	0.28%	1.70%	2.43%	6.57%	5.34%
GNMA 30 Year	-0.10%	2.75%	4.06%	7.97%	6.79%
U.S. Aggregate	0.35%	3.99%	5.16%	7.84%	6.53%
U.S. Corporate High Yield	-0.58%	12.13%	19.37%	4.98%	9.34%
U.S. Corporate Investment Grade	0.72%	8.66%	10.76%	8.15%	8.06%
Municipal Bond: Long Bond (22+)	0.60%	10.00%	12.21%	14.88%	6.21%
Global Aggregate	0.13%	4.82%	5.07%	5.64%	6.22%

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 9/28/12.

Key Rates

As of 9/28/12

Fed Funds	0.00-0.25%	5-yr CD	1.37%
LIBOR (1-month)	0.22%	2-yr T-Note	0.23%
CPI - Headline	1.70%	5-yr T-Note	0.62%
CPI - Core	1.90%	10-yr T-Note	1.63%
Money Market Accts.	0.48%	30-yr T-Bond	2.82%
Money Market Funds	0.03%	30-yr Mortgage	3.43%
6-mo CD	0.48%	Prime Rate	3.25%
1-yr CD	0.74%	Bond Buyer 40	4.18%

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

Market Indicators

As of 9/28/12

TED Spread	26 bps
Investment Grade Spread (A2)	196 bps
ML High Yield Master II Index Spread	574 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 9/19/12

	Current Week		Previous	
Domestic Equity	-$4.803	Billion	-$2.752	Billion
Foreign Equity	-$355	Million	-$548	Million
Taxable Bond	$7.551	Billion	$6.798	Billion
Municipal Bond	$446	Million	$1.313	Billion

Change in Money Market Fund Assets for the Week Ended 9/26/12

	Current Week		Previous	
Retail	-$1.25	Billion	$1.88	Billion
Institutional	$9.77	Billion	-$12.20	Billion

Source: Investment Company Institute

Factoids for the week of September 24th – 28th

Monday, September 24, 2012

The manufacturing sector's share of U.S. GDP rose in 2011 to 12.2%, according to *Chief Executive*. In the first half of 2012, the U.S. factory sector grew by 3.1%, compared to a 4.8% global decline. Some of the reasons behind the renaissance in U.S. manufacturing include the following: quality control, mitigating supply-chain disruptions (Tsunami/Earthquake in Japan), rising labor costs abroad, cheaper energy in the form of natural gas, and technological advances requiring educated/skilled labor. The U.S. has added approximately 500,000 new manufacturing jobs since the end of 2009.

Tuesday, September 25, 2012

More than one million college graduates from the Class of 2008 are currently living at home with their parents, according to Businessweek.com. Census Bureau data shows that the number of 26-year-olds living at home jumped nearly 46% since 2007. Overall, the number of 18- to 30-year-olds living with their parents stood at 20.7 million in 2011, up 3.9% from 2010. The share of Americans living in multigenerational households is at its highest point since the 1950s, according to the Pew Research Center's Social and Demographic Trends Project.

Wednesday, September 26, 2012

A new "yardstick" approach to saving for retirement has been developed by Fidelity Investments and it involves applying a multiple to one's annual salary based on one's age, according to Reuters. For example, a 40-year-old worker should have around two times their salary saved in their retirement account(s). A 50-year-old should have 4 times. Fidelity suggests that individuals should have at least eight times their annual salary saved by the time they enter their retirement years. Fidelity hopes this yardstick approach will help people determine if they are ahead, on track, or deficient in their savings efforts.

Thursday, September 27, 2012

The latest quarterly edition of the Financial Professional Outlook (released 9/12), a survey of financial advisors conducted by Russell Investment Group, revealed that 68% of those polled are optimistic about the markets looking out three years, down from 76% last quarter, but still a positive bias. The topics advisors have been addressing the most with their clients are as follows: Generating income from the portfolio (36%); Rebalancing/shifting their portfolio's asset allocation (36%); Concerns with government policy (33%); Running out of money in retirement (26%); and Portfolio performance (26%). With respect to changing their client's asset allocation mix, many advisors noted that recent adjustments to global positions were an effort to manage risk rather than time the markets.

Friday, September 28, 2012

The Q3'12 edition of the Investment Manager Outlook (released 9/27), a survey of investment managers conducted by Russell Investment Group, revealed that money managers currently prefer real estate over the other major asset classes. Managers are concerned about the potential for any negative fallout from the Eurozone debt crisis, the U.S. "fiscal cliff" and the slowdown in economic activity in China. Managers are most bullish on the following asset classes (**Q3'12**/Q2'12): Real Estate (**55%**/45%); U.S. Large-Cap Growth (**53%**/57%); U.S. Large-Cap Value (**52%**/51%); and Emerging Markets (**50%**/48%). The sectors managers are most bullish on are Technology (**76%**/65%); Health Care (**56%**/58%); and Energy (**51%**/39%). The sector managers are least bullish on is Utilities (**14%**; 25%).