First Trust

Market Watch

Week of November 5th

Stock Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Dow Jones Industrial Avg. (13,093)	-0.11%	9.48%	13.66%	8.41%	2.08%
S&P 500 (1,414)	0.18%	14.47%	16.81%	2.12%	0.91%
NASDAQ 100 (2,656)	-0.35%	17.67%	15.94%	3.69%	4.56%
S&P 500 Growth	-0.05%	13.74%	15.38%	4.70%	2.96%
S&P 500 Value	0.46%	15.36%	18.56%	-0.48%	-1.21%
S&P MidCap 400 Growth	1.65%	13.90%	12.37%	-0.95%	4.85%
S&P MidCap 400 Value	1.08%	14.01%	16.90%	-2.40%	2.84%
S&P SmallCap 600 Growth	0.51%	10.39%	12.54%	3.67%	3.88%
S&P SmallCap 600 Value	0.87%	12.78%	17.30%	-1.34%	2.92%
MSCI EAFE	0.66%	11.64%	9.05%	-12.14%	-5.35%
MSCI World (ex US)	0.85%	11.49%	7.85%	-13.71%	-4.62%
MSCI World	0.44%	12.62%	12.36%	-5.54%	-2.39%
MSCI Emerging Markets	1.43%	12.36%	5.56%	-18.42%	-2.88%

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 11/2/12.

S&P Sector Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Consumer Discretionary	1.42%	20.79%	23.01%	6.24%	7.38%
Consumer Staples	-0.38%	10.73%	17.91%	14.03%	7.67%
Energy	-1.18%	4.29%	5.68%	4.72%	0.50%
Financials	1.27%	24.77%	23.42%	-17.07%	-10.75%
Health Care	-0.51%	17.70%	24.09%	12.77%	4.74%
Industrials	1.42%	11.75%	15.72%	-0.59%	-0.09%
Information Technology	-0.22%	13.91%	13.01%	2.43%	2.18%
Materials	-0.18%	9.55%	7.79%	-9.68%	-0.68%
Telecom Services	0.37%	21.07%	27.37%	6.33%	2.66%
Utilities	-0.85%	3.94%	9.01%	20.02%	1.35%

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 11/2/12.

Bond Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
U.S. Treasury: Intermediate	0.10%	1.44%	1.94%	6.57%	4.98%
GNMA 30 Year	0.05%	2.34%	3.09%	7.97%	6.34%
U.S. Aggregate	0.09%	4.04%	4.59%	7.84%	6.20%
U.S. Corporate High Yield	0.15%	13.36%	14.47%	4.98%	9.50%
U.S. Corporate Investment Grade	0.12%	9.74%	9.37%	8.15%	7.85%
Municipal Bond: Long Bond (22+)	0.10%	10.69%	12.81%	14.88%	6.20%
Global Aggregate	-0.29%	4.23%	3.22%	5.64%	5.64%

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 11/2/12.

Key Rates

As of 11/2/12

Fed Funds	0.00-0.25%	5-yr CD	1.33%
LIBOR (1-month)	0.21%	2-yr T-Note	0.28%
CPI - Headline	2.00%	5-yr T-Note	0.72%
CPI - Core	2.00%	10-yr T-Note	1.72%
Money Market Accts.	0.50%	30-yr T-Bond	2.90%
Money Market Funds	0.03%	30-yr Mortgage	3.45%
6-mo CD	0.47%	Prime Rate	3.25%
1-yr CD	0.70%	Bond Buyer 40	4.14%

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

Market Indicators

As of 11/2/12

TED Spread	22 bps
Investment Grade Spread (A2)	173 bps
ML High Yield Master II Index Spread	554 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 10/24/12

	Current Week		Previous	
Domestic Equity	-$1.867	Billion	-$1.361	Billion
Foreign Equity	-$620	Million	-$369	Million
Taxable Bond	$5.663	Billion	$7.575	Billion
Municipal Bond	$952	Million	$1.288	Billion

Change in Money Market Fund Assets for the Week Ended 10/31/12

	Current Week		Previous	
Retail	$0.66	Billion	-$1.55	Billion
Institutional	-$23.37	Billion	$2.49	Billion

Source: Investment Company Institute

Factoids for the week of October 29th – November 2nd

Monday, October 29, 2012

Cisco predicts that global data center traffic will grow fourfold between 2011 and 2016, according to *Forbes*. It also predicts that global cloud traffic, the fastest component of data center traffic, will grow sixfold over the same period. By 2016, Cisco believes that 62% of total data center workloads will be processed in the cloud, up from 30% in 2011. It expects 2014 to be the first year where the majority of the workload is handled in the cloud.

Tuesday, October 30, 2012

Eqecat, a provider of catastrophe modeling software and risk management services, estimates that the amount of insured damages from Hurricane Sandy will range from $5 billion to $10 billion, topping the $4.5 billion from last year's Hurricane Irene, according to MSN.com. It sees economic losses totaling $10 billion to $20 billion. With respect to insured losses, insurers in hurricane-prone states have been adding deductibles to their homeowner's insurance policies that kick in when named storms produce sustained winds of 74 miles an hour or more (measured by the National Weather Service), according to CNNMoney.com. Unlike normal fixed-dollar insurance deductibles, hurricane deductibles often require homeowners to pay from 1% to 5% of their property's value before any insurance coverage gets applied. A $200,000 house with a 5% deductible would cost the homeowner $10,000 out-of-pocket.

Wednesday, October 31, 2012

The number of bank failures in 2012 stood at 46 on 10/19, according to YAHOO! Finance. There were 80 closures at this point last year. Regulators seized 157 and 92 banks in 2010 and 2011, respectively. From 2008 through 2011, bank failures cost the Federal Deposit Insurance Corporation (FDIC) around $88.0 billion. The FDIC expects failures from 2012 through 2016 to cost $10 billion. The FDIC's so-called problem bank list totaled 891 institutions as of July 2012, down from 988 a year ago.

Thursday, November 1, 2012

A new study ("The Halloween Indicator: Everywhere and All the Time") examined stock returns from 108 countries dating back as far as 391 years, according to *Kiplinger*. It found that stock markets worldwide have posted an average gain of 6.9% from November through April, compared to an average gain of 2.4% from May through October. For most years in the study, returns were price-only because dividend information was unavailable. The study noted that the "Halloween Effect" has strengthened in the past 50 years. The best period worldwide was from 1981 through 1990, when stocks gained 10.7 percentage points more, on average, in the November-April period than the May-October period. The differential in the U.S. was 6.6 percentage points.

Friday, November 2, 2012

The Plan Sponsor Council of America reported that 95.5% of companies made matching contributions to their employees' 401(k) accounts in 2011, up from 91.0% in 2010, according to MarketWatch.com. The average company contributed 4.1% of pay in 2011, up from 3.7% in 2010, but below the peak of 4.7% in 2006. There is concern, however, that workers are not saving enough for retirement. A recent survey by T. Rowe Price found that close to 67% of participants contribute 10% or less of their salaries to their 401(k). The remaining 33% said that they were not sure how much they contribute. A survey from the Employee Benefit Research Institute revealed that only 14% of Americans are confident they will have enough money to live comfortably in retirement.