First Trust

Market Watch

Week of May 7th

Stock Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Dow Jones Industrial Avg. (13,038)	-1.42%	7.58%	5.29%	8.41%	2.44%
S&P 500 (1,369)	-2.41%	9.61%	3.85%	2.12%	0.27%
NASDAQ 100 (2,638)	-3.73%	16.18%	11.66%	3.69%	7.62%
S&P 500 Growth	-2.37%	10.05%	7.14%	4.70%	3.15%
S&P 500 Value	-2.46%	9.08%	0.49%	-0.48%	-2.65%
S&P MidCap 400 Growth	-3.29%	11.09%	-0.55%	-0.95%	5.15%
S&P MidCap 400 Value	-3.50%	9.43%	-1.60%	-2.40%	1.17%
S&P SmallCap 600 Growth	-2.93%	8.28%	1.96%	3.67%	3.66%
S&P SmallCap 600 Value	-4.26%	7.50%	1.65%	-1.34%	0.34%
MSCI EAFE	-2.29%	6.49%	-13.82%	-12.14%	-5.28%
MSCI World (ex US)	-2.06%	7.27%	-13.35%	-13.71%	-3.39%
MSCI World	-2.51%	7.89%	-5.60%	-5.54%	-2.46%
MSCI Emerging Markets	-0.57%	11.32%	-11.32%	-18.42%	2.68%

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 5/4/12.

S&P Sector Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Consumer Discretionary	-2.10%	15.58%	13.44%	6.24%	4.45%
Consumer Staples	-0.52%	5.60%	11.14%	14.03%	7.60%
Energy	-3.34%	-1.05%	-7.85%	4.72%	2.56%
Financials	-2.78%	16.51%	-5.37%	-17.07%	-14.74%
Health Care	-1.55%	7.21%	6.72%	12.77%	2.28%
Industrials	-2.68%	8.06%	-2.07%	-0.59%	0.58%
Information Technology	-3.71%	15.76%	12.21%	2.43%	5.58%
Materials	-3.49%	7.14%	-6.29%	-9.68%	0.69%
Telecom Services	0.19%	7.13%	5.61%	6.33%	0.53%
Utilities	-0.18%	-0.18%	11.37%	20.02%	0.71%

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 5/4/12.

Bond Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
U.S. Treasury: Intermediate	0.15%	0.59%	5.91%	6.57%	5.75%
GNMA 30 Year	0.30%	1.31%	7.21%	7.97%	6.81%
U.S. Aggregate	0.31%	1.65%	7.49%	7.84%	6.41%
U.S. Corporate High Yield	0.70%	7.01%	6.26%	4.98%	8.12%
U.S. Corporate Investment Grade	0.60%	3.97%	9.01%	8.15%	7.16%
Municipal Bond: Long Bond (22+)	0.74%	5.88%	18.45%	14.88%	5.14%
Global Aggregate	0.18%	2.04%	3.11%	5.64%	6.45%

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 5/4/12.

Key Rates

As of 5/4/12

Fed Funds	0.00-0.25%	5-yr CD	1.38%
LIBOR (1-month)	0.24%	2-yr T-Note	0.25%
CPI - Headline	2.70%	5-yr T-Note	0.78%
CPI - Core	2.30%	10-yr T-Note	1.87%
Money Market Accts.	0.46%	30-yr T-Bond	3.06%
Money Market Funds	0.03%	30-yr Mortgage	3.79%
6-mo CD	0.45%	Prime Rate	3.25%
1-yr CD	0.70%	Bond Buyer 40	4.50%

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

Market Indicators

As of 5/4/12

TED Spread	38 bps
Investment Grade Spread (A2)	228 bps
ML High Yield Master II Index Spread	597 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 4/25/12

	Current Week		Previous	
Domestic Equity	-$1.600	Billion	-$8.677	Billion
Foreign Equity	$2.528	Billion	$8.725	Billion
Taxable Bond	$4.850	Billion	$4.855	Billion
Municipal Bond	$825	Million	$399	Million

Change in Money Market Fund Assets for the Week Ended 5/2/12

	Current Week		Previous	
Retail	-$1.86	Billion	-$10.11	Billion
Institutional	-$12.92	Billion	$9.60	Billion

Source: Investment Company Institute

Factoids for the week of April 23rd – 27th

Monday, April 30, 2012

A total of 22 banks with a combined $6.50 billion in assets failed in the first 17 weeks of 2012, according to data from the Federal Deposit Insurance Corporation (FDIC). That is an improvement over the same period a year ago when 39 banks with a combined $16.96 billion in assets failed. The number of institutions on the FDIC's Problem Institution List fell from 844 in Q3'11 to 813 in Q4'11. A total of 92 banks failed in 2011, down from 157 in 2010. The banks that failed in 2011 collectively held $35 billion in assets, down significantly from the $92 billion held by the banks that failed in 2010.

Tuesday, May 1, 2012

Natural gas is trading at around $2.32 per million British thermal units this morning, up from $1.91 on 4/19/12. Futures have traded higher primarily due to below-normal temperatures that could boost demand for heating-fuel, according to Bloomberg. Natural gas production in the lower 48 states did fall 0.6% in February, according to the Energy Department. U.S. power plants increased their usage of natural gas by 34% (y-o-y) in February as the decade-low prices enticed some to switch over from coal. Companies have been shifting rigs from dry gas areas to formations with higher-priced liquids. U.S. natural gas inventories stood at 2.548 trillion cubic feet on 4/20/12, a 55% surplus to the five-year average, according to the Energy Department.

Wednesday, May 2, 2012

In April, the dividend-payers (401) in the S&P 500 (equal weight) posted a total return of 1.72%, vs. -0.12% for the non-payers (99), according to Standard & Poor's. Year-to-date through April, the payers were up 13.35%, vs. a gain of 16.40% for the non-payers. For the 12-month period ended April, payers were up 4.23%, vs. a loss of 3.40% for the non-payers. The number of dividend increases y-t-d totaled 152, up from 137 a year ago. Four dividends were cut, up from two a year ago. Eight companies initiated a dividend, down from 12 at this point a year ago.

Thursday, May 3, 2012

Despite the fact that mortgage rates continue to hover near record-lows (3.88% for 30-year fixed and 3.12% for 15-year fixed), foreclosures and high unemployment/underemployment levels have helped push the U.S. homeownership rate to a 15-year low, according to the Los Angeles Times. The rate stood at 65.4% in Q1'12, down from 66.4% a year earlier, according to the Census Bureau. Homeownership peaked at 69.2% in 2004. The rate averaged in the mid-60% range for most of the 1970s, 1980s, and 1990s, according to Richard K. Green, director of USC's Lusk Center for Real Estate.

Friday, May 4, 2012

The FTSE NAREIT Equity REIT Index posted a year-to-date total return of 14.49% through 5/3, topping the 11.41% return on the S&P 500. The top performing subsectors of the publicly traded REIT sector were Retail (Malls/Shopping Centers), up 20.41%, and Industrial/Office, up 17.24%, according to REIT.com. These were the biggest laggards over the past five years. They are still attractively priced relative to the other subsectors, according to Lukas Hartwich, analyst at Perry and Green Street Advisors. REITs have performed well overseas despite the slowdown in economic activity in Europe and China. Foreign REITs have performed as follows (Y-T-D in USD): +20.41% Asia/Pacific, +18.2% Middle East/Africa; and +12.45% Europe.