First Trust

Market Watch

Week of June 18th

Stock Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Dow Jones Industrial Avg. (12,767)	1.76%	5.86%	10.30%	8.41%	1.47%
S&P 500 (1,343)	1.34%	7.86%	8.49%	2.12%	-0.46%
NASDAQ 100 (2,571)	0.48%	13.45%	17.66%	3.69%	6.57%
S&P 500 Growth	1.10%	8.46%	11.41%	4.70%	2.42%
S&P 500 Value	1.64%	7.14%	5.43%	-0.48%	-3.39%
S&P MidCap 400 Growth	-0.78%	5.77%	-0.03%	-0.95%	3.49%
S&P MidCap 400 Value	-0.32%	4.98%	0.71%	-2.40%	0.00%
S&P SmallCap 600 Growth	-0.26%	5.33%	3.89%	3.67%	2.61%
S&P SmallCap 600 Value	0.03%	3.55%	4.28%	-1.34%	-0.79%
MSCI EAFE	2.32%	-0.60%	-14.29%	-12.14%	-6.76%
MSCI World (ex US)	2.25%	-0.10%	-14.66%	-13.71%	-5.15%
MSCI World	1.68%	3.51%	-3.67%	-5.54%	-3.59%
MSCI Emerging Markets	2.35%	2.48%	-15.63%	-18.42%	-0.16%

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 6/15/12.

S&P Sector Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Consumer Discretionary	0.42%	12.15%	17.13%	6.24%	3.60%
Consumer Staples	1.63%	7.36%	15.49%	14.03%	7.79%
Energy	2.49%	-3.62%	-5.11%	4.72%	0.18%
Financials	1.93%	11.32%	-0.32%	-17.07%	-15.52%
Health Care	1.93%	8.26%	9.84%	12.77%	2.75%
Industrials	1.12%	5.11%	2.28%	-0.59%	-0.77%
Information Technology	0.33%	12.02%	17.83%	2.43%	4.25%
Materials	0.48%	4.53%	-3.09%	-9.68%	-0.70%
Telecom Services	3.12%	15.37%	19.23%	6.33%	1.32%
Utilities	1.18%	4.76%	18.63%	20.02%	2.36%

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 6/15/12.

Bond Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
U.S. Treasury: Intermediate	0.12%	1.20%	4.95%	6.57%	6.12%
GNMA 30 Year	0.04%	1.64%	5.96%	7.97%	7.23%
U.S. Aggregate	0.29%	2.38%	6.87%	7.84%	6.94%
U.S. Corporate High Yield	0.42%	5.56%	5.65%	4.98%	7.91%
U.S. Corporate Investment Grade	0.50%	4.34%	8.32%	8.15%	7.76%
Municipal Bond: Long Bond (22+)	0.21%	6.41%	15.44%	14.88%	5.76%
Global Aggregate	0.65%	1.47%	2.71%	5.64%	6.90%

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 6/15/12.

Key Rates

As of 6/15/12

Fed Funds	0.00-0.25%	5-yr CD	1.37%
LIBOR (1-month)	0.24%	2-yr T-Note	0.27%
CPI - Headline	1.70%	5-yr T-Note	0.67%
CPI - Core	2.30%	10-yr T-Note	1.58%
Money Market Accts.	0.48%	30-yr T-Bond	2.65%
Money Market Funds	0.03%	30-yr Mortgage	3.64%
6-mo CD	0.46%	Prime Rate	3.25%
1-yr CD	0.70%	Bond Buyer 40	4.40%

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

Market Indicators

As of 6/15/12

TED Spread	38 bps
Investment Grade Spread (A2)	253 bps
ML High Yield Master II Index Spread	684 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 6/6/12

	Current Week		Previous	
Domestic Equity	-$3.083	Billion	$807	Million
Foreign Equity	$1.352	Billion	$678	Million
Taxable Bond	$411	Million	-$920	Million
Municipal Bond	$1.176	Billion	$603	Million

Change in Money Market Fund Assets for the Week Ended 6/13/12

	Current Week		Previous	
Retail	-$0.55	Billion	$2.88	Billion
Institutional	-$10.13	Billion	-$10.92	Billion

Source: Investment Company Institute

Factoids for the week of June 11th – 15th

Monday, June 11, 2012
Fewer U.S. companies are opting to go private, according to the S&P Capital IQ Global Markets Intelligence Group. So far this year, only 15 companies with a combined value of $7.1 billion have announced plans to go private, compared to 17 companies worth $22 billion at this point last year. From 2000-2011, the annual averages for firms turning private were 51 companies valued at a combined $67.9 billion. The biggest year was in 2006 when 94 companies worth a combined $302.2 billion made the switch.

Tuesday, June 12, 2012
A new report from the Organisation for Economic Co-operation and Development (OECD) argues that governments need to raise the age of retirement in order to cover future benefit obligations, according to CNNMoney.com. Today, the full retirement age in the U.S. is 66, up from 65 a decade ago. It is scheduled to increase by two months a year starting in 2017 until it hits 67 in 2022. Retirees can begin collecting a percentage of their benefits as early as 62. The OECD report indicates that Social Security could pay promised benefits in full through 2033. The problem is that by 2050, the average woman and man can expect to live 24 and 20 years beyond retirement age, respectively, up from 20 and 17 years in 2010.

Wednesday, June 13, 2012
The outlook for commercial real estate looks favorable through 2014, according to the CCIM (Certified Commercial Investment Member) Institute. It cites data from the Urban Land Institute's *ULI Real Estate Consensus Forecast* (input from 38 real commercial real estate economists) calling for commercial real estate transaction volume to grow by 50% from current levels to $312 billion in 2014. Economists see CMBS issuance reaching $75 billion in 2014. Issuance hit an all-time low of $3 billion in 2009. Rents are expected to rise for all property types from 0.8% to 5.0%. REIT returns are expected to be in the vicinity of 8.5% in 2014.

Thursday, June 14, 2012
A recent report from the Denver-based American Water Works Association (AWWA) echoes the findings of previous studies exposing the need for serious capital investment in water infrastructure. The study said that U.S. communities will need $1 trillion worth of new and/or upgraded water infrastructure over the next 25 years. The figure jumps to $1.7 trillion by 2050. Based on where populations are growing the fastest, the South and West regions are in greater need of infrastructure build-out, while the Northeast and Midwest will focus more on repairing existing infrastructure. Communities are financing current projects with municipal debt. There were $11.1 billion in bonds issued for water and sewer facilities in Q1'12, nearly 4x more than the $2.9 billion issued for toll roads, highways and streets, according to the SIFMA Municipal Bond Report.

Friday, June 15, 2012
The Solar Energy Industries Association (SEIA) reported that U.S. solar panel installations surged 85% (y-o-y) in Q1'12, driven by strong commercial demand and lower costs, according to Bloomberg. Non-residential solar projects, including commercial, government and non-profit companies, totaled 288.8 megawatts in Q1, up 77% (y-o-y). Total U.S. installations were 506 megawatts, approximately 11% of the global market. U.S. is on pace to be the fourth-largest solar market in 2012 behind Germany, Italy and China. New Jersey and California were the top two states. The price of solar panels plunged 49% in the past year in response to higher production levels, particularly in China.