First Trust

Market Watch

Week of November 25th

Stock Index Performance

Index	Week	YTD	12-mo.	2012	5-yr.
Dow Jones Industrial Avg. (16,065)	0.71%	25.39%	28.39%	10.24%	18.03%
S&P 500 (1,805)	0.41%	28.99%	32.61%	16.00%	20.26%
NASDAQ 100 (3,422)	0.09%	30.36%	33.76%	18.35%	27.19%
S&P 500 Growth	0.22%	28.51%	30.83%	14.71%	20.85%
S&P 500 Value	0.63%	29.51%	34.71%	17.77%	19.73%
S&P MidCap 400 Growth	-0.18%	28.62%	33.00%	17.62%	27.31%
S&P MidCap 400 Value	-0.24%	31.12%	38.52%	19.10%	24.97%
S&P SmallCap 600 Growth	1.13%	39.07%	47.14%	15.27%	26.64%
S&P SmallCap 600 Value	1.13%	35.75%	44.90%	18.88%	24.61%
MSCI EAFE	-0.01%	19.98%	26.44%	17.32%	15.80%
MSCI World (ex US)	0.04%	13.49%	19.86%	16.83%	16.42%
MSCI World	0.14%	23.62%	28.44%	15.83%	17.89%
MSCI Emerging Markets	0.42%	-2.07%	4.96%	18.22%	19.46%

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 11/22/13.

S&P Sector Performance

Index	Week	YTD	12-mo.	2012	5-yr.
Consumer Discretionary	-0.11%	38.22%	41.82%	24.14%	32.29%
Consumer Staples	-0.45%	25.97%	26.19%	11.08%	16.85%
Energy	0.67%	23.75%	25.38%	4.64%	14.64%
Financials	1.71%	32.76%	39.94%	28.92%	19.52%
Health Care	1.70%	40.35%	42.42%	17.89%	21.09%
Industrials	0.61%	34.93%	41.63%	15.42%	21.90%
Information Technology	-0.45%	21.13%	24.40%	14.82%	22.87%
Materials	-0.37%	20.98%	27.56%	15.24%	21.18%
Telecom Services	-0.44%	12.62%	13.37%	18.31%	16.53%
Utilities	-1.77%	14.05%	17.96%	1.31%	10.90%

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 11/22/13.

Bond Index Performance

Index	Week	YTD	12-mo.	2012	5-yr.
U.S. Treasury: Intermediate	-0.02%	-0.63%	-0.55%	1.71%	2.78%
GNMA 30 Year	-0.23%	-1.49%	-1.24%	2.44%	4.71%
U.S. Aggregate	-0.06%	-1.53%	-1.40%	4.21%	5.57%
U.S. Corporate High Yield	0.29%	6.46%	9.05%	15.81%	20.79%
U.S. Corporate Investment Grade	0.14%	-1.64%	-1.32%	9.82%	10.25%
Municipal Bond: Long Bond (22+)	-0.03%	-5.73%	-7.02%	11.26%	8.07%
Global Aggregate	-0.11%	-2.21%	-1.84%	4.32%	5.54%

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 11/22/13.

Key Rates

As of 11/22/13

Fed Funds	0.00-0.25%	5-yr CD	1.36%
LIBOR (1-month)	0.17%	2-yr T-Note	0.28%
CPI - Headline	1.00%	5-yr T-Note	1.35%
CPI - Core	1.70%	10-yr T-Note	2.74%
Money Market Accts.	0.45%	30-yr T-Bond	3.83%
Money Market Funds	0.01%	30-yr Mortgage	4.37%
6-mo CD	0.42%	Prime Rate	3.25%
1-yr CD	0.69%	Bond Buyer 40	5.09%

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

Market Indicators

As of 11/22/13

TED Spread	16 bps
Investment Grade Spread (A2)	175 bps
ML High Yield Master II Index Spread	431 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 11/13/13

	Current Week		Previous	
Domestic Equity	$3.973	Billion	$5.407	Billion
Foreign Equity	$3.281	Billion	$3.633	Billion
Taxable Bond	-$6.434	Billion	-$3.503	Billion
Municipal Bond	-$1.134	Billion	-$833	Million

Change in Money Market Fund Assets for the Week Ended 11/20/13

	Current Week		Previous	
Retail	$0.27	Billion	-$2.78	Billion
Institutional	-$5.75	Billion	-$0.37	Billion

Source: Investment Company Institute.

Factoids for the week of November 18 - 22, 2013

Monday, November 18, 2013

The Internal Revenue Service (IRS) has been tracking the migration of citizens and their income across state lines for many years, according to *Chief Executive*. Since 1995, approximately $2 trillion has migrated from states that impose the highest taxes to states with lower taxes. New York and California have seen $68 billion and $45 billion, respectively, leave over the past 18 years, while Texas and Washington have gained $25 billion and a little over $12 billion, respectively.

Tuesday, November 19, 2013

High yield corporate bond guru Martin Fridson, head of financial research firm FridsonVision LLC, released a forecast calling for a steep rise in high yield corporate bond ("junk bond") defaults beginning in 2016, according to *Barron's*. While the typical credit cycle tends to last around seven years (last one peaked in 2007), the current cycle could be extended due to the Federal Reserve's stimulus efforts aimed at keeping interest rates artificially low. The low interest rate climate in recent years has allowed even the weakest speculative-grade issuers to refinance their debt obligations at lower rates. Fridson sees $1.5 trillion worth of defaults spanning a four-year period, with the U.S. accounting for $1 trillion of the total. The default rate is expected to average around 8.4% over the four-year span beginning in 2016. The U.S. speculative-grade default rate stood at 2.5% in October 2013, according to Moody's.

Wednesday, November 20, 2013

The average first-day gain for the 187 IPOs (launched in 2013) studied by the S&P Capital IQ Global Markets Intelligence group was 18.14%, according to its own release. On a monthly basis, the highest average first-day gain to date was October's 29.72%, while the lowest was March's 8.15%. The following months also posted average first-day gains in excess of 20.00%: September (+26.68%), February (+21.69%) and June (+20.31%). The following sectors have posted average first-day gains in excess of 20.00%: Consumer Staples (+41.46%); Consumer Discretionary (+35.73%); Utilities (+29.64%); Information Technology (+24.12%); Telecommunication Services (+23.47%); Industrials (+22.50%); and Health Care (+20.10%). Energy, Financials and Materials fell well short of the 20.00% mark with average first-day gains of 4.76%, 4.35% and 1.87%, respectively.

Thursday, November 21, 2013

Ally Bank released the findings of a recent survey on how Americans view saving money and it found that the size of one's bank account may be a better predictor of happiness than the size of one's salary, according to Yahoo Finance. Ally noted that the demarcation line for happiness linked to one's salary is about $50,000, on average, though that figure can be considerably higher in some regions of the U.S. Happiness linked to salary tends to plateau after basic needs are met. The survey revealed that 34% Americans with less than $20,000 saved said they were happy, compared to 42% for those with $20,000 to $100,000 saved and 57% for those with more than $100,000 saved. Only 29% of those polled who claimed to have no savings said they were happy. Currently, it is estimated that approximately 50% of Americans do not have three months of living expenses saved in an emergency fund. When asked which activities make them happy, saving money came in at 84%, above eating healthy (74%), enjoying work (68%) and exercising (59%).

Friday, November 22, 2013

Lipper data shows that European equity funds have reported positive net inflows in each of the past 21 weeks (as of 11/20/13), the longest streak since Lipper began tracking flows in 1992, according to Fox Business. Investors appear to be gaining confidence in the global economy and Europe's recovery. The Euro STOXX 50 Volatility Index just hit a 7-year low at 14.68. It stood at 59.8 in 2011. Volatility has been declining ever since the European Central Bank, with support from other central banks, injected liquidity into the debt and funding markets to help shore them up during the sovereign debt crisis.