First Trust

Market Watch

Week of November 4th

Stock Index Performance

Index	Week	YTD	12-mo.	2012	5-yr.
Dow Jones Industrial Avg. (15,616)	0.29%	21.56%	21.11%	10.24%	13.99%
S&P 500 (1,762)	0.13%	25.66%	26.15%	16.00%	15.21%
NASDAQ 100 (3,380)	-0.11%	28.42%	27.86%	18.35%	21.71%
S&P 500 Growth	0.15%	25.51%	25.21%	14.71%	16.81%
S&P 500 Value	0.10%	25.82%	27.27%	17.77%	13.53%
S&P MidCap 400 Growth	-0.10%	26.63%	28.50%	17.62%	20.65%
S&P MidCap 400 Value	-0.52%	29.27%	32.59%	19.10%	18.57%
S&P SmallCap 600 Growth	-1.83%	33.64%	36.85%	15.27%	19.46%
S&P SmallCap 600 Value	-1.20%	31.90%	36.89%	18.88%	17.18%
MSCI EAFE	-1.47%	18.78%	24.78%	17.32%	11.74%
MSCI World (ex US)	-1.06%	13.05%	18.50%	16.83%	12.27%
MSCI World	-0.62%	21.51%	24.26%	15.83%	13.25%
MSCI Emerging Markets	0.08%	-0.33%	5.41%	18.22%	15.23%

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 11/1/13.

S&P Sector Performance

Index	Week	YTD	12-mo.	2012	5-yr.
Consumer Discretionary	0.44%	35.46%	38.74%	24.14%	25.10%
Consumer Staples	1.15%	23.96%	23.26%	11.08%	14.94%
Energy	-0.34%	19.85%	18.16%	4.64%	11.70%
Financials	-1.19%	27.28%	30.50%	28.92%	7.75%
Health Care	0.64%	34.89%	34.29%	17.89%	17.04%
Industrials	0.58%	31.24%	34.41%	15.42%	16.65%
Information Technology	0.38%	18.79%	17.96%	14.82%	17.57%
Materials	-1.26%	18.01%	21.43%	15.24%	14.56%
Telecom Services	1.22%	14.61%	11.22%	18.31%	14.94%
Utilities	-0.39%	15.19%	11.49%	1.31%	10.74%

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 11/1/13.

Bond Index Performance

Index	Week	YTD	12-mo.	2012	5-yr.
U.S. Treasury: Intermediate	-0.20%	-0.68%	-0.43%	1.71%	3.39%
GNMA 30 Year	-0.35%	-1.16%	-1.05%	2.44%	5.33%
U.S. Aggregate	-0.37%	-1.38%	-1.24%	4.21%	6.02%
U.S. Corporate High Yield	0.27%	6.33%	8.74%	15.81%	18.10%
U.S. Corporate Investment Grade	-0.47%	-1.56%	-1.54%	9.82%	10.93%
Municipal Bond: Long Bond (22+)	0.10%	-5.28%	-4.78%	11.26%	8.34%
Global Aggregate	-1.06%	-1.76%	-1.99%	4.32%	5.95%

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 11/1/13.

Key Rates

As of 11/1/13

Fed Funds	0.00-0.25%	5-yr CD	1.37%
LIBOR (1-month)	0.17%	2-yr T-Note	0.31%
CPI - Headline	1.20%	5-yr T-Note	1.38%
CPI - Core	1.70%	10-yr T-Note	2.62%
Money Market Accts.	0.45%	30-yr T-Bond	3.70%
Money Market Funds	0.01%	30-yr Mortgage	4.21%
6-mo CD	0.40%	Prime Rate	3.25%
1-yr CD	0.66%	Bond Buyer 40	5.06%

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

Market Indicators

As of 11/1/13

TED Spread	20 bps
Investment Grade Spread (A2)	172 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 10/23/13

	Current Week		Previous	
Domestic Equity	$9.185	Billion	$839	Million
Foreign Equity	$4.358	Billion	$2.095	Billion
Taxable Bond	-$1.300	Billion	-$3.860	Billion
Municipal Bond	-$1.023	Billion	-$1.849	Billion

Change in Money Market Fund Assets for the Week Ended 10/30/13

	Current Week		Previous	
Retail	-$8.06	Billion	-$8.45	Billion
Institutional	$9.20	Billion	$63.00	Billion

Source: Investment Company Institute.

Factoids for the week of October 28 – November 1, 2013

Monday, October 28, 2013

Reis Inc. reported that it expects apartment rents to increase 15.8% from an average of $1,049 per month in 2012 to $1,215 per month by 2017, according to MSN Money. At 4.2% (Q3'13), the U.S. apartment vacancy rate is at its lowest level since Q3'01, when it stood at 3.9%, according to Reuters. In Q3'13, approximately 47 out of 79 markets posted lower vacancy rates. The universe of renters is expanding, and is expected to grow, due to the following factors: home foreclosures have pushed millions of Americans into the rental market; tighter lending standards has made it tough for many to secure a mortgage; rising home prices makes affordability more difficult despite relatively low mortgage rates; the economic recovery will likely yield further job creation enabling younger workers to qualify for an apartment; and an increasing number of baby boomers and retirees who have lost retirement savings or need to downsize to lower their standard of living.

Tuesday, October 29, 2013

The National Retail Federation estimates that retailers will hire between 720,000 and 780,000 seasonal employees to help with the upcoming holiday shopping season, according to its own release. While a majority of the jobs tend to involve some form of customer service, they can extend to such areas as transportation, manufacturing and fulfillment. The following shows holiday season hiring for the past 10 years: 720,490 (2012); 636,570 (2011); 563,020 (2010); 368,760 (2009); 263,820 (2008); 688,380 (2007); 660,270 (2006); 684,430 (2005); 679,980 (2004); and 585,820 (2003).

Wednesday, October 30, 2013

The Q4'13 edition of the *Strategists' Outlook & Barometer* (released 10/28/13), a survey of global financial investment strategists conducted by Russell Investment Group, revealed that those polled favor equities over fixed-income, European equities over U.S. equities, and are viewing emerging market equities in a more positive light looking out to 2014, according to its own release. Strategists are forecasting a 3.20% yield on the 10-Year T-Note by the end of Q3'14, and are calling for a 2.9% GDP growth rate in the U.S. in 2014, up from around 1.6% in 2013. The group believes that, minus any significant fiscal tightening, the U.S. will average monthly job gains of approximately 200,000 over the next 24 months. The strategists noted that the biggest potential threats to the recovery are politicians and policy.

Thursday, October 31, 2013

Demand for U.S. convertible bonds has risen right along with interest rates. Dealogic reported that convertible bond issuance totaled $25.8 billion in the first nine months of 2013, up more than 70% from the same period a year ago, according to *Kiplinger*. Convertibles are hybrid securities that combine bond-like traits with the potential for stock market returns. The conversion feature (potential to convert from debt issue to the issuer's stock) has enabled these securities to perform relatively well during periods of rising interest rates. Calamos Investments looked at nine periods over the past two decades where the yield on the 10-Year T-Note rose one percentage point or more, according to *Kiplinger*. It found that convertibles delivered negative returns in only one of the nine periods and posted double-digit gains in six, while a broadly diversified bond index posted losses in all nine periods.

Friday, November 1, 2013

In October, the dividend-payers (419) in the S&P 500 (equal weight) posted a total return of 4.75%, vs. 2.68% for the non-payers (81), according to Standard & Poor's. Y-T-D, the payers were up 28.13%, vs. a gain of 34.10% for the non-payers. For the 12-month period ended October, payers were up 31.89%, vs. a gain of 43.22% for the non-payers. The number of dividend increases y-t-d through October totaled 310, up from 274 at this point a year ago. Twelve dividends were cut, compared to nine at this point a year ago. In the first nine months of 2013, net cash inflows to Equity Income mutual funds and Equity Income ETFs totaled approximately $10.7 billion and $6.4 billion, respectively, according to data from Lipper.