First Trust

Market Watch

Week of February 4th

Stock Index Performance

Index	Week	YTD	12-mo.	2012	5-yr.
Dow Jones Industrial Avg. (14,010)	0.83%	7.05%	13.20%	10.24%	4.83%
S&P 500 (1,513)	0.72%	6.24%	16.89%	16.00%	3.92%
NASDAQ 100 (2,764)	1.00%	3.88%	12.51%	18.35%	9.23%
S&P 500 Growth	0.49%	4.95%	14.82%	14.71%	6.09%
S&P 500 Value	0.96%	7.62%	19.43%	17.77%	1.76%
S&P MidCap 400 Growth	0.24%	7.85%	16.65%	17.62%	8.79%
S&P MidCap 400 Value	0.71%	8.21%	18.73%	19.10%	6.76%
S&P SmallCap 600 Growth	-0.18%	7.23%	15.12%	15.27%	8.03%
S&P SmallCap 600 Value	0.61%	6.66%	14.81%	18.88%	6.56%
MSCI EAFE	1.05%	5.90%	15.76%	17.32%	-0.98%
MSCI World (ex US)	0.85%	4.64%	12.66%	16.83%	-0.35%
MSCI World	0.83%	5.94%	15.28%	15.83%	1.28%
MSCI Emerging Markets	0.39%	1.74%	6.93%	18.22%	1.53%

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 2/1/13.

S&P Sector Performance

Index	Week	YTD	12-mo.	2012	5-yr.
Consumer Discretionary	-0.90%	6.32%	24.23%	24.14%	10.95%
Consumer Staples	1.16%	6.67%	19.40%	11.08%	9.37%
Energy	0.97%	8.62%	11.48%	4.64%	3.46%
Financials	0.83%	7.46%	26.00%	28.92%	-7.81%
Health Care	0.93%	8.37%	22.58%	17.89%	7.32%
Industrials	0.08%	6.81%	13.97%	15.42%	3.05%
Information Technology	1.20%	2.52%	8.36%	14.82%	6.72%
Materials	-0.65%	5.12%	7.82%	15.24%	1.94%
Telecom Services	3.61%	5.17%	27.06%	18.31%	5.62%
Utilities	1.21%	5.08%	10.06%	1.31%	2.49%

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 2/1/13.

Bond Index Performance

Index	Week	YTD	12-mo.	2012	5-yr.
U.S. Treasury: Intermediate	-0.05%	-0.44%	0.84%	1.71%	3.95%
GNMA 30 Year	0.02%	-0.60%	1.58%	2.44%	5.54%
U.S. Aggregate	-0.17%	-0.78%	2.65%	4.21%	5.38%
U.S. Corporate High Yield	-0.56%	1.39%	13.75%	15.81%	10.89%
U.S. Corporate Investment Grade	-0.37%	-1.07%	6.51%	9.82%	7.33%
Municipal Bond: Long Bond (22+)	-0.18%	0.88%	8.23%	11.26%	6.44%
Global Aggregate	-0.07%	-1.01%	1.23%	4.32%	4.61%

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 2/1/13.

Key Rates

As of 2/1/13

Fed Funds	0.00-0.25%	5-yr CD	1.33%
LIBOR (1-month)	0.20%	2-yr T-Note	0.26%
CPI - Headline	1.70%	5-yr T-Note	0.90%
CPI - Core	1.90%	10-yr T-Note	2.03%
Money Market Accts.	0.50%	30-yr T-Bond	3.23%
Money Market Funds	0.02%	30-yr Mortgage	3.60%
6-mo CD	0.41%	Prime Rate	3.25%
1-yr CD	0.62%	Bond Buyer 40	4.02%

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

Market Indicators

As of 2/1/13

TED Spread	23 bps
Investment Grade Spread (A2)	171 bps
ML High Yield Master II Index Spread	494 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 1/23/13

	Current Week		Previous	
Domestic Equity	$3.485	Billion	$5.046	Billion
Foreign Equity	$2.864	Billion	$4.271	Billion
Taxable Bond	$6.621	Billion	$8.358	Billion
Municipal Bond	$1.413	Billion	$2.242	Billion

Change in Money Market Fund Assets for the Week Ended 1/30/13

	Current Week		Previous	
Retail	-$8.31	Billion	-$7.60	Billion
Institutional	$7.54	Billion	$2.72	Billion

Source: Investment Company Institute

Factoids for the week of January 28 – February 1, 2013

Monday, January 28, 2013
A record amount of capital (nearly $30 billion) was spent on energy infrastructure in 2012, according to Credit Suisse. The firm estimates that $33 billion or more could be spent in 2013. Publicly traded oil and gas partnerships generated a record $16.7 billion in pretax profit in 2011, up from $7.2 billion in 2007, according to *Businessweek*. The market for master limited partnerships has grown more than 12-fold in the past decade to around $340 billion. A total of 13 MLPs went public in 2012, a year in which there were only 128 IPOs in the U.S., according to Renaissance Capital. The IPO market has been in a funk since 2007, when 213 companies went public.

Tuesday, January 29, 2013
Beginning next year, mortgage brokers will be subject to new rules that could force some to exit the business, according to MarketWatch.com. Mortgage brokers serve as middlemen between homebuyers and lenders. Two of the new rules from the Consumer Financial Protection Bureau seek to prohibit brokers from earning more compensation in exchange for placing borrowers in more expensive mortgages and from getting compensated by both the borrower and the lender on a mortgage transaction. The number of mortgage brokers has been on the decline since the bubble burst in the housing market. The National Association of Mortgage Brokers currently has approximately 5,000 members, down from 25,000 in 2006. Over the past two years, mortgage brokers accounted for roughly 10% of total mortgage originations, compared to over 30% from 2004 through 2006, according to Inside Mortgage Finance, a trade publication.

Wednesday, January 30, 2013
The Exchange-Traded Fund (ETF) industry celebrated its 20th anniversary yesterday. The first one launched was the SPDR S&P 500 ETF Trust (SPY), which currently has a market cap of $128.5 billion. The ETF industry now consists of 1,194 funds (979 equity, 202 bond & 13 hybrid) with assets totaling approximately $1.34 trillion ($1.09 trillion/equity, $243.2 billion/bond & $656.0 million/hybrid), according to data from the Investment Company Institute. Tom Lydon, editor of ETFTrends.com, believes there is “enormous” room for future innovation and growth, especially if and when ETFs find their way into 401k plans, according to Yahoo! Finance.

Thursday, January 31, 2013
Data from the Energy Information Administration (EIA) showed that world crude oil consumption grew by an estimated 0.9 million barrels per day in 2012 to a record-high of 89.2 million barrels per day, according to Zacks Equity Research. The EIA expects global oil demand to grow by 0.9 million barrels per day in 2013 and by 1.4 million barrels per day in 2014. It sees global supply rising to meet demand with a 1.0 million barrels per day increase in production in 2013 followed by an additional 1.7 million barrels per day in 2014.

Friday, February 1, 2013
The amount of student loans outstanding in the U.S. has exceeded $1.0 trillion since 2011, well above the $798 billion in total credit card debt, according to *Forbes*. Research from FICO shows that the delinquency rate (90 days past due) is 15.1% on loans issued between 2010 and 2012. The rate is 12.4% on student loans issued between 2005 and 2007. One of the main reasons cited for the increase in delinquencies is that the amount of money being borrowed has ramped up considerably. Since 2005, the average student loan amount rose from $17,233 to an average of $27,253 in 2012, a 58% spike in just seven years. The amount of borrowing by parents of college students is up 75% since the 2005-2006 academic year.