First Trust

Market Watch

Week of May 13th

Stock Index Performance

Index	Week	YTD	12-mo.	2012	5-yr.
Dow Jones Industrial Avg. (15,118)	1.11%	16.43%	20.83%	10.24%	6.45%
S&P 500 (1,634)	1.29%	15.43%	23.07%	16.00%	5.64%
NASDAQ 100 (2,981)	1.33%	12.58%	15.61%	18.35%	9.75%
S&P 500 Growth	1.45%	14.69%	20.57%	14.71%	7.17%
S&P 500 Value	1.13%	16.21%	26.24%	17.77%	4.11%
S&P MidCap 400 Growth	2.48%	17.11%	24.23%	17.62%	9.33%
S&P MidCap 400 Value	1.84%	17.36%	27.66%	19.10%	7.97%
S&P SmallCap 600 Growth	2.69%	15.66%	23.16%	15.27%	9.62%
S&P SmallCap 600 Value	2.33%	15.46%	27.12%	18.88%	8.77%
MSCI EAFE	0.69%	11.19%	25.41%	17.32%	-0.85%
MSCI World (ex US)	0.76%	7.70%	20.32%	16.83%	-0.77%
MSCI World	1.01%	12.77%	22.86%	15.83%	2.02%
MSCI Emerging Markets	0.87%	0.31%	10.00%	18.22%	-0.06%

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 5/10/13.

S&P Sector Performance

Index	Week	YTD	12-mo.	2012	5-yr.
Consumer Discretionary	2.20%	20.14%	30.75%	24.14%	14.12%
Consumer Staples	-0.13%	18.74%	24.80%	11.08%	11.49%
Energy	0.90%	11.80%	19.08%	4.64%	0.83%
Financials	2.09%	17.84%	31.17%	28.92%	-3.73%
Health Care	1.15%	21.43%	33.13%	17.89%	11.33%
Industrials	2.43%	14.33%	23.94%	15.42%	4.39%
Information Technology	1.37%	8.89%	9.71%	14.82%	6.95%
Materials	1.87%	8.24%	18.26%	15.24%	1.19%
Telecom Services	0.46%	16.55%	27.91%	18.31%	7.74%
Utilities	-2.64%	15.11%	15.61%	1.31%	4.31%

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 5/10/13.

Bond Index Performance

Index	Week	YTD	12-mo.	2012	5-yr.
U.S. Treasury: Intermediate	-0.27%	0.17%	1.23%	1.71%	4.03%
GNMA 30 Year	-0.36%	-0.15%	1.04%	2.44%	5.45%
U.S. Aggregate	-0.40%	0.22%	2.77%	4.21%	5.52%
U.S. Corporate High Yield	0.25%	5.63%	14.38%	15.81%	11.23%
U.S. Corporate Investment Grade	-0.52%	0.84%	6.71%	9.82%	7.80%
Municipal Bond: Long Bond (22+)	-0.33%	1.65%	6.34%	11.26%	6.80%
Global Aggregate	-1.44%	-2.62%	-0.09%	4.32%	3.90%

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 5/10/13.

Key Rates

As of 5/10/13

Fed Funds	0.00-0.25%	5-yr CD	1.14%
LIBOR (1-month)	0.20%	2-yr T-Note	0.24%
CPI - Headline	1.50%	5-yr T-Note	0.82%
CPI - Core	1.90%	10-yr T-Note	1.90%
Money Market Accts.	0.49%	30-yr T-Bond	3.10%
Money Market Funds	0.02%	30-yr Mortgage	3.58%
6-mo CD	0.39%	Prime Rate	3.25%
1-yr CD	0.54%	Bond Buyer 40	4.07%

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

Market Indicators

As of 5/10/13

TED Spread	23 bps
Investment Grade Spread (A2)	163 bps
ML High Yield Master II Index Spread	423 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 5/1/13

	Current Week		Previous	
Domestic Equity	-$4.054	Billion	-$608	Million
Foreign Equity	-$319	Million	$1.908	Billion
Taxable Bond	$888	Million	$5.630	Billion
Municipal Bond	$73	Million	$133	Million

Change in Money Market Fund Assets for the Week Ended 5/8/13

	Current Week		Previous	
Retail	$3.28	Billion	-$7.91	Billion
Institutional	$16.27	Billion	-$22.33	Billion

Source: Investment Company Institute

Factoids for the week of May 6 - 10, 2013

Monday, May 6, 2013

Fortune just released its 2013 edition of the *Fortune 500*. The first edition was launched in 1955. If the *Fortune 500* were a country, it would qualify as the world's second-largest economy, according to CNNMoney.com. Total sales of the 500 companies reached $12.1 trillion in 2012. The five largest economies, based on GDP, are the following: U.S. ($15.7 trillion); China ($8.2 trillion); Japan ($6.0 trillion); Germany ($3.4 trillion); and France ($2.6 trillion). Total revenue for all *Fortune 500* companies rose 2.7% in 2012. The sector that posted the highest profit growth (y-o-y) by far was Financials, up 33.5%.

Tuesday, May 7, 2013

Social Security benefits are based on a person's highest 35 years of earnings, according to Yahoo! Finance. When older workers find themselves either unemployed or underemployed during their peak earnings years it can make an impact on the distributions they receive once they retire. A worker who misses just one year of employment could see their payments reduced by as much as 3%, or just over $450 annually if they receive the average check of $1,262 per month, according to the AARP. Roughly 44% of the 50-somethings who lost their jobs during the last recession were still unemployed a year later, according to Richard Johnson, director of the Urban Institute's Program on Retirement Policy. For those individuals laid off at age 62, approximately 67% were still unemployed 12 months later. Those workers 62 and older that got rehired saw their median income decline by 29%, according to the Urban Institute.

Wednesday, May 8, 2013

Moody's just released a study that revealed that the average one-year municipal bond default rate over the past five years (2008-2012) was 0.03%, up from 0.009% from 1970-2007, according to *Barron's*. Moody's noted that there have been 23 municipal bond defaults since the beginning of the last recession, or an average of 4.6 defaults per year. While up from an average of 1.3 defaults per year from 1970-2007, it is still low. Moody's puts the average recovery rate for defaulted municipal bonds at approximately 60%, which compares favorably to the 49% recovery rate for corporate senior unsecured bonds.

Thursday, May 9, 2013

Moody's reported that the global speculative-grade default rate stood at 2.6% in April, up from 2.5% (revised up from 2.4%) in March, according to its own release. Moody's is forecasting a default rate of 2.8% for December 2013. The rate stood at 2.7% a year ago. The historical average for the default rate on speculative-grade debt has been approximately 4.7% since 1983. The U.S. speculative-grade default rate stood at 3.1% in April, up from 3.0% (revised up from 2.9%) in March. The rate stood at 3.0% a year ago. The default rate on senior loans stood at 1.67% in April, down from 1.83% in March, according to Standard & Poor's LCD. Leveraged loan managers expect the default rate to be in the vicinity of 2.2% a year from now. Leveraged loan mutual funds and ETFs have experienced 45 consecutive weeks of net inflows, according to Lipper data provided by MarketRealist.com. Y-T-D inflows through 4/26/13 totaled nearly $17 billion, way up from the $1.2 billion in net inflows over the same period in 2012.

Friday, May 10, 2013

Despite the fact that the S&P 500 has more than recouped all of its losses stemming from the 2008 financial crisis/recession (new all-time closing high of 1632.69 on 5/8/13), stock ownership among Americans is currently at a very low level, according to a Gallup poll and CNNMoney.com. A Gallup poll conducted in April found that only 52% of adults claim that they or their spouse own any stocks, either individually or through funds, down from 65% in 2007. Gallup has been tracking equity ownership since 1998. Gallup cited the high rate of unemployment in the U.S. as one of the contributors to the drop in equity ownership. Some simply can't afford to invest, while others feel they can't put their capital at risk. Mutual fund flows, however, reflect a distinct shift in sentiment on the part of the retail investor. Individual investors liquidated more than $500 billion from U.S. stock mutual funds from 2008 through 2012, while adding more than $1 trillion to bond funds over the same period, according to the Investment Company Institute.