First Trust

Market Watch

Week of May 20th

Stock Index Performance

Index	Week	YTD	12-mo.	2012	5-yr.
Dow Jones Industrial Avg. (15,354)	1.67%	18.38%	26.73%	10.24%	6.37%
S&P 500 (1,667)	2.14%	17.89%	30.71%	16.00%	5.52%
NASDAQ 100 (3,029)	1.69%	14.48%	22.48%	18.35%	9.33%
S&P 500 Growth	1.84%	16.80%	26.98%	14.71%	6.93%
S&P 500 Value	2.45%	19.06%	35.36%	17.77%	4.11%
S&P MidCap 400 Growth	1.91%	19.35%	32.89%	17.62%	8.99%
S&P MidCap 400 Value	1.80%	19.47%	37.05%	19.10%	7.60%
S&P SmallCap 600 Growth	2.08%	18.07%	30.84%	15.27%	9.33%
S&P SmallCap 600 Value	2.37%	18.19%	36.57%	18.88%	8.57%
MSCI EAFE	0.44%	11.68%	31.96%	17.32%	-1.30%
MSCI World (ex US)	0.14%	7.85%	26.69%	16.83%	-1.37%
MSCI World	1.24%	14.16%	29.86%	15.83%	1.70%
MSCI Emerging Markets	-0.36%	-0.05%	16.53%	18.22%	-0.99%

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 5/17/13.

S&P Sector Performance

Index	Week	YTD	12-mo.	2012	5-yr.
Consumer Discretionary	1.43%	21.86%	38.95%	24.14%	13.61%
Consumer Staples	1.80%	20.88%	28.37%	11.08%	11.37%
Energy	2.09%	14.14%	27.42%	4.64%	0.38%
Financials	3.70%	22.21%	46.50%	28.92%	-3.24%
Health Care	1.80%	23.61%	38.05%	17.89%	11.56%
Industrials	2.29%	16.95%	31.98%	15.42%	4.40%
Information Technology	2.11%	11.18%	16.56%	14.82%	6.58%
Materials	1.72%	10.11%	28.40%	15.24%	0.41%
Telecom Services	0.41%	17.03%	28.11%	18.31%	7.21%
Utilities	1.27%	16.58%	18.59%	1.31%	4.18%

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 5/17/13.

Bond Index Performance

Index	Week	YTD	12-mo.	2012	5-yr.
U.S. Treasury: Intermediate	-0.07%	0.10%	0.90%	1.71%	4.12%
GNMA 30 Year	-0.44%	-0.60%	0.39%	2.44%	5.36%
U.S. Aggregate	-0.21%	0.01%	2.18%	4.21%	5.51%
U.S. Corporate High Yield	-0.36%	5.25%	15.49%	15.81%	11.03%
U.S. Corporate Investment Grade	-0.21%	0.63%	6.30%	9.82%	7.82%
Municipal Bond: Long Bond (22+)	-0.04%	1.61%	6.25%	11.26%	6.66%
Global Aggregate	-0.82%	-3.42%	-0.40%	4.32%	3.80%

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 5/17/13.

Key Rates

As of 5/17/13

Fed Funds	0.00-0.25%	5-yr CD	1.23%
LIBOR (1-month)	0.20%	2-yr T-Note	0.24%
CPI - Headline	1.10%	5-yr T-Note	0.83%
CPI - Core	1.70%	10-yr T-Note	1.95%
Money Market Accts.	0.48%	30-yr T-Bond	3.16%
Money Market Funds	0.02%	30-yr Mortgage	3.66%
6-mo CD	0.40%	Prime Rate	3.25%
1-yr CD	0.57%	Bond Buyer 40	4.11%

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

Market Indicators

As of 5/17/13

TED Spread	23 bps
Investment Grade Spread (A2)	166 bps
ML High Yield Master II Index Spread	437 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 5/8/13

	Current Week		Previous	
Domestic Equity	$378	Million	-$4.054	Billion
Foreign Equity	$3.079	Billion	-$319	Million
Taxable Bond	$7.654	Billion	$888	Million
Municipal Bond	-$263	Million	$73	Million

Change in Money Market Fund Assets for the Week Ended 5/15/13

	Current Week		Previous	
Retail	-$1.30	Billion	$3.28	Billion
Institutional	$0.26	Billion	$16.27	Billion

Source: Investment Company Institute.

Factoids for the week of May 13 - 17, 2013

Monday, May 13, 2013

Data provided by the New York Stock Exchange showed that margin debt hit $379.5 billion in March, the highest level since July 2007 when margin debt reached an all-time high of $381.4 billion, according to *USA TODAY*. Debt levels are 28% higher than in March 2012. The combination of a rising stock market and record-low borrowing costs appears to be boosting investor optimism, at least for some. The American Association of Individual Investors latest weekly poll showed there are still more bears than bulls. The S&P 500 began today's trading up 15.43% year-to-date.

Tuesday, May 14, 2013

A survey by the Center for the Middle Market at Ohio State University found that 55% of U.S. mid-size companies currently operate solely within North America, according to *Chief Executive*. Of these domestic-oriented businesses, only 27% plan to expand beyond North America in the next three years. Fifty-nine percent believe that the costs of expanding overseas would outweigh the financial benefits. For those companies that have expanded abroad, 94% intend to broaden their presence over the next three years and 57% of them say that international sales have met or exceeded expectations.

Wednesday, May 15, 2013

The dollar volume of 2013 M&A health care deals involving a U.S. acquirer of a foreign health care target has almost surpassed the total from all of 2012, according to S&P Capital IQ. To date, volume totaled $14.4 billion spanning 45 deals, compared to $14.6 billion spread over 132 deals in 2012. The high since 2000 was $53.0 billion in 2007 (139 deals). Year-to-date through 5/14/13, the top performing S&P 500 sector was Health Care, with a total return of 23.5%. The S&P 500 posted a total return of 16.6%.

Thursday, May 16, 2013

More and more seniors have been tapping into their retirement savings. The Employee Benefit Research Institute, a nonprofit research group, just reported that 48% of people 61 to 70 years old and ranked in the lower half of income distribution withdrew money from their IRAs annually from 2002 through 2010, according to *Businessweek*. Even 29% of those in the top quartile of income earners pulled money out on an annual basis. The size of the withdrawals were substantial, ranging from 12% of funds for seniors in the top quartile of incomes to 17% for those in the bottom quartile. The Internal Revenue Service doesn't require distributions from IRAs until people reach the age of 70½. To give yourself the best chance of not outliving your money, financial experts recommend you withdraw no more than 4% of your total nest egg every year, according to CNNMoney.com.

Friday, May 17, 2013

The delinquency rate on U.S. commercial mortgage-backed securities (CMBS) declined in April to its lowest level in five years, according to REIT.com. Fitch Ratings reported that late payments for CMBS fell 19 basis points to 7.44% in April. New delinquencies reported totaled $747 million. It was the first time that new delinquencies came in below the $1.0 billion mark since February 2009. Fitch sees the delinquency rate moving lower as real estate conditions improve.