First Trust

Market Watch

Week of May 27th

Stock Index Performance

Index	Week	YTD	12-mo.	2012	5-yr.
Dow Jones Industrial Avg. (15,303)	-0.27%	18.06%	25.76%	10.24%	7.15%
S&P 500 (1,650)	-1.04%	16.67%	27.88%	16.00%	6.04%
NASDAQ 100 (2,991)	-1.24%	13.06%	19.32%	18.35%	9.94%
S&P 500 Growth	-1.11%	15.50%	23.74%	14.71%	7.34%
S&P 500 Value	-0.97%	17.91%	33.06%	17.77%	4.75%
S&P MidCap 400 Growth	-2.15%	16.68%	27.15%	17.62%	9.12%
S&P MidCap 400 Value	-1.67%	17.48%	32.43%	19.10%	7.86%
S&P SmallCap 600 Growth	-1.54%	16.25%	27.45%	15.27%	9.51%
S&P SmallCap 600 Value	-1.08%	16.92%	33.91%	18.88%	8.84%
MSCI EAFE	-1.63%	9.86%	32.86%	17.32%	-1.34%
MSCI World (ex US)	-1.55%	6.18%	27.37%	16.83%	-1.36%
MSCI World	-1.28%	12.70%	28.57%	15.83%	1.92%
MSCI Emerging Markets	-1.77%	-1.82%	17.36%	18.22%	-0.84%

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 5/24/13.

S&P Sector Performance

Index	Week	YTD	12-mo.	2012	5-yr.
Consumer Discretionary	-1.34%	20.22%	34.38%	24.14%	14.53%
Consumer Staples	-0.57%	20.19%	27.96%	11.08%	11.57%
Energy	-0.49%	13.59%	24.87%	4.64%	0.76%
Financials	-1.11%	20.84%	43.25%	28.92%	-2.25%
Health Care	0.10%	23.74%	38.98%	17.89%	11.76%
Industrials	-0.98%	15.80%	27.20%	15.42%	5.02%
Information Technology	-1.34%	9.69%	13.32%	14.82%	7.15%
Materials	-1.77%	8.16%	22.43%	15.24%	1.08%
Telecom Services	-2.49%	14.12%	24.48%	18.31%	7.53%
Utilities	-3.72%	12.24%	14.04%	1.31%	3.40%

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 5/24/13.

Bond Index Performance

Index	Week	YTD	12-mo.	2012	5-yr.
U.S. Treasury: Intermediate	-0.16%	-0.05%	0.86%	1.71%	4.07%
GNMA 30 Year	-0.38%	-0.98%	0.05%	2.44%	5.27%
U.S. Aggregate	-0.23%	-0.22%	2.23%	4.21%	5.46%
U.S. Corporate High Yield	-0.30%	4.94%	15.83%	15.81%	10.99%
U.S. Corporate Investment Grade	-0.24%	0.39%	6.84%	9.82%	7.81%
Municipal Bond: Long Bond (22+)	-0.41%	1.20%	5.99%	11.26%	6.53%
Global Aggregate	0.14%	-3.28%	-0.01%	4.32%	3.73%

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 5/24/13.

Key Rates

As of 5/24/13

Fed Funds	0.00-0.25%	5-yr CD	1.23%
LIBOR (1-month)	0.20%	2-yr T-Note	0.25%
CPI - Headline	1.10%	5-yr T-Note	0.89%
CPI - Core	1.70%	10-yr T-Note	2.00%
Money Market Accts.	0.48%	30-yr T-Bond	3.17%
Money Market Funds	0.02%	30-yr Mortgage	3.75%
6-mo CD	0.40%	Prime Rate	3.25%
1-yr CD	0.57%	Bond Buyer 40	4.17%

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

Market Indicators

As of 5/24/13

TED Spread	23 bps
Investment Grade Spread (A2)	166 bps
ML High Yield Master II Index Spread	444 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 5/22/13

	Current Week		Previous	
Domestic Equity	$121	Million	$378	Million
Foreign Equity	$2.258	Billion	$3.079	Billion
Taxable Bond	$3.921	Billion	$7.654	Billion
Municipal Bond	$602	Million	-$263	Million

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

	Current Week		Previous	
Retail	$1.33	Billion	-$1.30	Billion
Institutional	$18.20	Billion	$0.26	Billion

Source: Investment Company Institute.

Factoids for the week of May 20 - 24, 2013

Monday, May 20, 2013

For every dollar of leveraged loans issued so far this year, investors have funneled close to four dollars into loan funds and collateralized loan obligations, which bundle up loans to low-rated companies, according to *Barron's*. Loan funds reported net inflows totaling $22.4 through the first four months of 2013, according to data from Lipper. The $5.6 billion taken in by loan mutual funds in April was more than double the $2.25 billion combined take by Treasury bond and high yield bond funds. One of the factors steering investors towards leveraged loans is the narrowing of the yield spread between loans and high yield corporate bonds. High yields currently pay around 75 basis points more than leveraged loans, down from nearly 200 basis points a year ago, according to S&P Capital IQ LCD. Leveraged loans typically yield far less because they are backed by collateral, according to *Barron's*.

Tuesday, May 21, 2013

The S&P/Experian Consumer Credit Default Composite Index stood at a post-recession low of 1.42% in April 2013, down from 1.50% in March and 1.86% a year ago, according to the S&P Dow Jones Indices. The 10-year low for the index was 1.03% in May 2006. The high for that period was 5.51% in May 2009. The default rate on first mortgages stood at 1.31% in April, down from 1.41% in March and 1.76% a year ago. The bank card default rate stood at 3.61% in April, up from 3.51% in March, but down from 4.49% a year ago. The auto loan component stood at 1.07% in April, down from 1.11% in March and unchanged from a year ago. While the U.S. unemployment rate remains elevated at 7.5%, the steady improvement in these data points suggests that many consumer have moved on from the recession, according to S&P Dow Jones Indices.

Wednesday, May 22, 2013

Dollars spent on medications in the U.S. totaled $325.8 billion in 2012, down 3.5% from 2011, according to IMS Health. On a real per capita basis, spending totaled $898, down $33 from 2011. Fewer patient visits to office-based physicians, fewer non-emergency admissions to hospitals and outpatient facilities, a relatively modest flu season and patent expirations all contributed to the dip in spending. In 2012, approximately $28.9 billion was saved by patients able to purchase newly marketed generic medications. Generics now account for 84% of all prescriptions written.

Thursday, May 23, 2013

As of yesterday's close, Bloomberg data showed that the U.S.'s share of total world stock market capitalization was 34.05%, up nearly two full percentage points from 32.14% at the start of 2013, according to Bespoke Investment Group. The only other country to post a significant gain in share (6.94% to 7.91%) was Japan. It has the second largest stock market capitalization. Rounding out the top three is the United Kingdom, with a 6.26% share. Its share is down from 6.51% at the start of the year.

Friday, May 24, 2013

A recent Gallup survey revealed that 75% of U.S. workers say they plan to work past retirement age, according to *Bloomberg Businessweek*. Forty percent of those surveyed said they will work by choice, while 35% said they will work out of necessity. A MetLife study, however, found that 52% of Americans turning 67 (oldest baby boomers born in 1946) are already fully retired. Fourteen percent are retired but working part time or seasonally. Five percent are on disability, 2% are self-employed, 2% are employed part time and 1% are looking for work. So less than 25% of people age 67 are working full time. While many financial advisers encourage retirees to delay taking their Social Security benefits in order to increase the size of their monthly payments, the MetLife survey found that 43% of those polled opted to begin collecting Social Security earlier than they intended to.