First Trust

Market Watch

Week of September 2nd

Stock Index Performance

Index	Week	YTD	12-mo.	2012	5-yr.
Dow Jones Industrial Avg. (14,810)	-1.29%	15.02%	15.98%	10.24%	8.12%
S&P 500 (1,633)	-1.79%	16.15%	18.33%	16.00%	7.30%
NASDAQ 100 (3,074)	-1.59%	16.68%	12.24%	18.35%	11.60%
S&P 500 Growth	-1.66%	15.10%	14.77%	14.71%	8.40%
S&P 500 Value	-1.94%	17.27%	22.59%	17.77%	6.17%
S&P MidCap 400 Growth	-2.58%	15.75%	20.52%	17.62%	9.78%
S&P MidCap 400 Value	-2.83%	18.50%	26.11%	19.10%	8.99%
S&P SmallCap 600 Growth	-2.24%	22.31%	24.98%	15.27%	10.07%
S&P SmallCap 600 Value	-3.02%	19.97%	26.72%	18.88%	8.88%
MSCI EAFE	-3.22%	8.15%	18.23%	17.32%	1.62%
MSCI World (ex US)	-2.46%	2.90%	12.51%	16.83%	1.48%
MSCI World	-2.34%	11.71%	17.28%	15.83%	4.12%
MSCI Emerging Markets	-0.32%	-10.19%	-0.05%	18.22%	1.88%

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 8/30/13.

S&P Sector Performance

Index	Week	YTD	12-mo.	2012	5-yr.
Consumer Discretionary	-1.52%	22.45%	28.68%	24.14%	15.61%
Consumer Staples	-1.69%	14.56%	13.90%	11.08%	10.28%
Energy	-0.18%	13.41%	13.69%	4.64%	3.52%
Financials	-3.03%	19.62%	30.98%	28.92%	0.13%
Health Care	-1.11%	24.52%	29.34%	17.89%	10.91%
Industrials	-2.39%	17.25%	23.11%	15.42%	6.66%
Information Technology	-2.23%	10.22%	4.63%	14.82%	8.39%
Materials	-1.80%	8.69%	15.90%	15.24%	3.29%
Telecom Services	-0.98%	6.19%	3.42%	18.31%	8.31%
Utilities	-0.96%	8.90%	6.46%	1.31%	4.26%

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 8/30/13.

Bond Index Performance

Index	Week	YTD	12-mo.	2012	5-yr.
U.S. Treasury: Intermediate	0.20%	-1.61%	-1.62%	1.71%	3.48%
GNMA 30 Year	0.46%	-3.18%	-3.36%	2.44%	4.72%
U.S. Aggregate	0.44%	-2.81%	-2.47%	4.21%	4.93%
U.S. Corporate High Yield	0.29%	2.71%	7.56%	15.81%	11.44%
U.S. Corporate Investment Grade	0.70%	-3.29%	-1.57%	9.82%	7.34%
Municipal Bond: Long Bond (22+)	-0.21%	-9.08%	-7.43%	11.26%	4.79%
Global Aggregate	-0.14%	-4.14%	-3.43%	4.32%	4.15%

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 8/30/13.

Key Rates

As of 8/30/13

Fed Funds	0.00-0.25%	5-yr CD	1.24%
LIBOR (1-month)	0.18%	2-yr T-Note	0.40%
CPI - Headline	2.00%	5-yr T-Note	1.64%
CPI - Core	1.70%	10-yr T-Note	2.79%
Money Market Accts.	0.44%	30-yr T-Bond	3.70%
Money Market Funds	0.01%	30-yr Mortgage	4.47%
6-mo CD	0.39%	Prime Rate	3.25%
1-yr CD	0.62%	Bond Buyer 40	5.29%

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

Market Indicators

As of 8/30/13

TED Spread	23 bps
Investment Grade Spread (A2)	186 bps
ML High Yield Master II Index Spread	478 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 8/21/13

	Current Week		Previous	
Domestic Equity	-$387	Million	-$764	Million
Foreign Equity	$1.718	Billion	$2.259	Billion
Taxable Bond	-$7,381	Billion	-$1.836	Billion
Municipal Bond	-$3,768	Billion	-$2.086	Billion

Change in Money Market Fund Assets for the Week Ended 8/28/13

	Current Week		Previous	
Retail	$1.37	Billion	$7.31	Billion
Institutional	$5.09	Billion	$8.18	Billion

Source: Investment Company Institute.

Factoids for the week of August 26 - 30, 2013

Monday, August 26, 2013
With U.S. oil production at its highest level in nearly two decades, it has become apparent that our existing infrastructure is ill-equipped to handle the increased production from Texas, North Dakota and Canada's Alberta province, according to *The Wall Street Journal*. Over the next few years, more than $40 billion is expected to be spent on pipelines. In the meantime, shipments to refineries are being handled more and more by trucks, rail and barges. Oil delivered to refineries by trucks and barges jumped 38% and 53%, respectively, between 2011 and 2012, according to the Energy Information Administration. U.S. railroads are on pace to ship 389,000 carloads of crude to refiners this year, up from 9,500 in 2008, according to the American Association of Railroads.

Tuesday, August 27, 2013
Year-to-date, 52 mergers totaling $13.1 billion have been announced in the biotechnology industry, according to S&P Capital IQ. S&P estimates that biotechnology M&A activity could reach 80 deals valued at $20.1 billion by year-end. From 2000-2012, the average number of deals announced per calendar year was 73. Deal volume averaged $18.9 billion. From 12/31/99-7/31/13, the NYSE Arca Biotechnology Index posted an annualized total return of 13.52%, compared to 6.29% for the broader S&P 500 Health Care Index.

Wednesday, August 28, 2013
The National Association of Realtors' (NAR) quarterly commercial real estate forecast was just released and it calls for declining vacancy rates and modest rent growth for each of the major sectors, according to REIT.com. NAR is estimating that the office vacancy rate nationwide will dip from a projected 15.7% in Q3'13 to 15.5% in Q3'14. It sees the industrial vacancy rate declining from a projected 9.3% in Q3'13 to 8.7% in Q3'14. The vacancy rate in the retail sector is expected to fall from 10.6% in Q3'13 to 10.0% in Q3'14. Rents in these key sectors are expected to change as follows: Office (+2.5% in '13 & +2.8% in '14); Industrial (+2.4% in '13 & +2.6% in '14); and Retail (+1.5% in '13 & +2.3% in '14).

Thursday, August 29, 2013
A Pew Research Center survey found that broadband adoption in the U.S. continues to rise, according to *Fortune*. Among adults 18 and older, 70% currently have broadband access at home, up from 66% a year ago. The FCC standard for broadband is anything that delivers download speeds of 4 Mbps, which is what the most "anemic" DSL service provides and just above dial-up access. The average broadband speed in the U.S. is only 7.4 Mbps, which ranks eighth globally, according to a report from Akamai. The fastest average download speed belongs to South Korea's at 14 Mbps.

Friday, August 30, 2013
The number of banks insured by the Federal Deposit Insurance Corporation (FDIC) that failed in the first half of 2013 totaled 16, according to the *Los Angeles Times*. In the past four calendar quarters through Q2'13, 9 banks failed, on average, each quarter, down from an average of 19 per quarter from Q3'11 through Q2'12, and way below the 30 per quarter average posted from Q3'10 through Q2'11. The number of banks on the FDIC's "problem list" declined from 612 in Q1'13 to 553 in Q2'13. The current list has 38% fewer names than in Q1'11, when the number peaked at 888.