First Trust

Market Watch

Week of January 27th

Stock Index Performance

Index	Week	YTD	12-mo.	2013	5-yr.
Dow Jones Industrial Avg. (15,879)	-3.50%	-4.10%	17.72%	29.65%	17.63%
S&P 500 (1,790)	-2.62%	-3.06%	22.32%	32.38%	19.09%
NASDAQ 100 (3,541)	-1.39%	-1.38%	31.94%	36.94%	26.05%
S&P 500 Growth	-2.34%	-2.52%	24.57%	32.75%	19.76%
S&P 500 Value	-2.92%	-3.64%	19.97%	31.97%	18.43%
S&P MidCap 400 Growth	-2.65%	-2.54%	21.43%	32.68%	24.04%
S&P MidCap 400 Value	-2.33%	-1.57%	23.88%	34.25%	22.06%
S&P SmallCap 600 Growth	-2.16%	-2.94%	29.85%	42.68%	24.80%
S&P SmallCap 600 Value	-1.59%	-2.46%	29.16%	39.98%	23.04%
MSCI EAFE	-1.99%	-1.76%	16.16%	22.78%	15.32%
MSCI World (ex US)	-2.07%	-2.58%	8.82%	15.29%	15.23%
MSCI World	-2.34%	-2.53%	18.30%	26.68%	16.92%
MSCI Emerging Markets	-2.29%	-5.22%	-9.18%	-2.60%	16.08%

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 1/24/14.

S&P Sector Performance

Index	Week	YTD	12-mo.	2013	5-yr.
Consumer Discretionary	-2.52%	-5.01%	27.98%	43.08%	28.63%
Consumer Staples	-1.47%	-3.54%	15.97%	26.14%	16.35%
Energy	-2.36%	-4.90%	11.51%	25.05%	12.73%
Financials	-3.75%	-3.37%	23.50%	35.59%	20.65%
Health Care	-2.46%	0.37%	33.23%	41.46%	18.77%
Industrials	-3.97%	-4.88%	25.89%	40.64%	21.74%
Information Technology	-1.93%	-1.63%	24.86%	28.43%	22.03%
Materials	-4.51%	-5.02%	13.18%	25.60%	18.24%
Telecom Services	-1.42%	-3.18%	6.70%	11.47%	13.32%
Utilities	-0.17%	0.01%	9.65%	13.21%	10.38%

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 1/24/14.

Bond Index Performance

Index	Week	YTD	12-mo.	2013	5-yr.
U.S. Treasury: Intermediate	0.24%	0.61%	-0.63%	-1.34%	2.40%
GNMA 30 Year	0.41%	1.49%	-0.34%	-2.17%	4.25%
U.S. Aggregate	0.32%	1.19%	-0.63%	-2.02%	4.79%
U.S. Corporate High Yield	-0.28%	0.74%	6.25%	7.44%	17.97%
U.S. Corporate Investment Grade	0.22%	1.42%	0.02%	-1.53%	8.93%
Municipal Bond: Long Bond (22+)	0.93%	3.49%	-3.97%	-6.01%	8.55%
Global Aggregate	0.82%	1.17%	-0.76%	-2.60%	4.88%

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 1/24/14.

Key Rates

As of 1/24/14

Fed Funds	0.00-0.25%	5-yr CD	1.33%
LIBOR (1-month)	0.16%	2-yr T-Note	0.34%
CPI - Headline	1.20%	5-yr T-Note	1.54%
CPI - Core	1.70%	10-yr T-Note	2.71%
Money Market Accts.	0.46%	30-yr T-Bond	3.63%
Money Market Funds	0.01%	30-yr Mortgage	4.33%
6-mo CD	0.40%	Prime Rate	3.25%
1-yr CD	0.69%	Bond Buyer 40	4.87%

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

Market Indicators

As of 1/24/14

TED Spread	18 bps
Investment Grade Spread (A2)	157 bps
ML High Yield Master II Index Spread	408 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 1/15/14

	Current Week		Previous	
Domestic Equity	$4.237	Billion	-$3.362	Billion
Foreign Equity	$4.043	Billion	$2.716	Billion
Taxable Bond	$684	Million	$2.994	Billion
Municipal Bond	$228	Million	-$347	Million

Change in Money Market Fund Assets for the Week Ended 1/22/14

	Current Week		Previous	
Retail	-$2.79	Billion	-$6.27	Billion
Institutional	$9.17	Billion	-$7.76	Billion

Source: Investment Company Institute.

Factoids for the week of January 20 - 24, 2014

Monday, January 20, 2014
Markets Closed – Martin Luther King, Jr. Holiday

Tuesday, January 21, 2014
The BofA Merrill Lynch Fund Manager Survey for January found that 75% of managers believe the global economy will strengthen in 2014, up from 71% in the December survey, according to its own release. Nearly half (48%) of those polled expect corporate profits to rise in 2014, up from 41% in December. Managers are currently overweight equities, particularly in the areas of Technology, Industrials and Banks. They are underweight Utilities, Telecommunication Services and Consumer Staples. Two-thirds of managers believe that companies are under-investing, with 58% saying they should use excess cash for capital expenditures. While managers are looking for a strong profit recovery in Europe, emerging markets remain out of favor.

Wednesday, January 22, 2014
PricewaterhouseCoopers surveyed 1,300 CEOs worldwide and found that 44% expect the world economy to improve over the next 12 months, up from 18% in last year's survey, according to *USA TODAY*. More than 60% of the U.S. CEOs surveyed expect to hire more people in 2014, the highest percentage in five years. The International Monetary Fund (IMF) just released its updated forecast for global GDP growth in 2014, raising its target rate from 3.6% in October to 3.7%, according to Bloomberg. It sees GDP growth in the U.S., Japan, and the U.K. expanding by 2.8% (up from 2.6%), 1.7% (up from 1.2%) and 2.4% (up from 1.9%), respectively. The IMF's "euro-area" estimate remained at 1.0%.

Thursday, January 23, 2014
Data from ETFGI shows that total global ETF/ETP assets reached a record $2.40 trillion at the close of 2013, according to Alpha Now and Thomson Reuters. Total assets grew by 23% (y-o-y) due to strong market returns and net inflows totaling $245.4 billion. Net inflows for the year did fall short of the $265.0 billion registered in 2012. Net inflows to equity ETFs/ETPs, however, did set a record at $242.1 billion. Commodity ETFs/ETPs experienced a record level of net outflows totaling $39.8 billion.

Friday, January 24, 2014
A global survey of large institutional investors with a combined $6.0 trillion-plus in assets under management by BlackRock revealed that these investors are looking to boost their allocations to alternative investments in 2014, specifically in real estate and real assets, according to Pensions & Investments. Forty-nine percent of those polled expect to increase their weightings in real estate and 40% said they will boost holdings in real assets. One of the key takeaways from the survey was that large investors are looking to diversify beyond stocks and bonds.