First Trust — Market Watch

Week of November 24th

Stock Index Performance

Index	Week	YTD	12-mo.	2013	5-yr.
Dow Jones Industrial Avg. (17,810)	1.06%	9.73%	13.88%	29.65%	14.43%
S&P 500 (2,064)	1.21%	13.70%	17.28%	32.38%	15.98%
NASDAQ 100 (4,251)	0.70%	19.78%	26.54%	36.94%	20.67%
S&P 500 Growth	1.02%	15.11%	19.52%	32.75%	16.66%
S&P 500 Value	1.43%	12.17%	14.88%	31.97%	15.29%
S&P MidCap 400 Growth	0.90%	7.23%	10.86%	32.68%	17.77%
S&P MidCap 400 Value	1.04%	10.70%	13.56%	34.25%	17.57%
S&P SmallCap 600 Growth	-0.57%	0.83%	3.81%	42.68%	18.76%
S&P SmallCap 600 Value	-0.03%	4.74%	8.53%	39.98%	17.98%
MSCI EAFE	1.03%	-1.96%	0.72%	22.78%	6.32%
MSCI World (ex US)	1.22%	-0.34%	1.62%	15.29%	5.60%
MSCI World	1.20%	6.50%	9.59%	26.68%	10.98%
MSCI Emerging Markets	1.38%	2.48%	2.42%	-2.60%	3.27%

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 11/21/14.

S&P Sector Performance

Index	Week	YTD	12-mo.	2013	5-yr.
Consumer Discretionary	1.17%	6.01%	10.41%	43.08%	21.60%
Consumer Staples	1.44%	15.26%	16.03%	26.14%	15.78%
Energy	2.52%	1.32%	2.96%	25.05%	10.74%
Financials	0.70%	12.40%	15.34%	35.59%	12.52%
Health Care	1.61%	24.71%	27.34%	41.46%	19.98%
Industrials	1.59%	10.54%	16.15%	40.64%	18.09%
Information Technology	0.50%	19.71%	26.70%	28.43%	16.01%
Materials	2.82%	11.09%	15.95%	25.60%	12.50%
Telecom Services	-1.72%	9.15%	7.96%	11.47%	14.38%
Utilities	1.70%	23.74%	22.78%	13.21%	14.05%

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 11/21/14.

Bond Index Performance

Index	Week	YTD	12-mo.	2013	5-yr.
U.S. Treasury: Intermediate	0.03%	2.46%	1.76%	-1.34%	2.61%
GNMA 30 Year	0.23%	5.65%	4.93%	-2.17%	3.83%
U.S. Aggregate	0.09%	5.29%	4.87%	-2.02%	4.12%
U.S. Corporate High Yield	-0.37%	3.90%	4.97%	7.44%	10.06%
U.S. Corporate Investment Grade	-0.03%	6.50%	6.92%	-1.53%	6.30%
Municipal Bond: Long Bond (22+)	0.08%	13.72%	13.53%	-6.01%	7.02%
Global Aggregate	-0.10%	0.82%	0.61%	-2.60%	2.20%

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 11/21/14.

Key Rates

As of 11/21/14

Fed Funds	0.00-0.25%	5-yr CD	1.55%
LIBOR (1-month)	0.16%	2-yr T-Note	0.50%
CPI - Headline	1.70%	5-yr T-Note	1.61%
CPI - Core	1.80%	10-yr T-Note	2.31%
Money Market Accts.	0.48%	30-yr T-Bond	3.02%
Money Market Funds	0.01%	30-yr Mortgage	4.06%
6-mo CD	0.39%	Prime Rate	3.25%
1-yr CD	0.70%	Bond Buyer 40	4.39%

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

Market Indicators

As of 11/21/14

TED Spread	23 bps
Investment Grade Spread (A2)	152 bps
ML High Yield Master II Index Spread	454 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 11/12/14

	Current Week		Previous	
Domestic Equity	$193	Million	-$1.728	Billion
Foreign Equity	$1.392	Billion	$1.426	Billion
Taxable Bond	$2.816	Billion	$5.050	Billion
Municipal Bond	$893	Million	$399	Million

Change in Money Market Fund Assets for the Week Ended 11/19/14

	Current Week		Previous	
Retail	$0.03	Billion	-$3.31	Billion
Institutional	$9.79	Billion	$12.37	Billion

Source: Investment Company Institute.

Factoids for the week of November 17 - 21, 2014

Monday, November 17, 2014
The third quarter earnings season concluded last week and 62.1% of the 2,400+ companies that reported beat their consensus analyst estimates, according to Bespoke Investment Group. The beat rate was higher for the companies in the S&P 500, with 75.1% topping their respective estimates, according to Bloomberg. The following breaks down the earnings beat rate by sector (2,400+ companies tracked by Bespoke): 71.3% (Information Technology); 66.0% (Health Care); 64.3% (Industrials); 61.1% (Financials); 59.7% (Consumer Discretionary); 57.1% (Consumer Staples); 52.8% (Materials); 52.2% (Energy); 50.7% (Utilities); and 50.0% (Telecommunication Services).

Tuesday, November 18, 2014
The S&P/Experian Consumer Credit Default Composite Index stood at 1.06% in October 2014, down from 1.38% in October 2013, according to the S&P Dow Jones Indices. The default rate on first mortgages stood at 0.96%, down from 1.30% a year ago. It was lower on second mortgages as well (0.47% vs. 0.72%). The bank card default rate stood at 2.60%, down from 2.97% a year ago. The auto loan default rate stood at 1.05%, down from 1.14% a year ago. Bank card and second mortgage default rates are currently at historical lows, according to David M. Blitzer, Managing Director and Chairman of the Index Committee for S&P Dow Jones Indices.

Wednesday, November 19, 2014
In 2015, sales of existing homes in the U.S. are likely to at least match the average posted from 1999-2002, just prior to the housing boom, according to *Kiplinger*. A strong rental market has already driven multifamily housing construction back to its historical norm. The following represents *Kiplinger's* housing projections (2014 vs. 2015): Single-family starts (635,000 vs. 800,000); Multi-family starts (360,000 vs. 380,000); New-home sales (447,000 vs. 560,000); Existing-home sales (5.00 million vs. 5.35 million); Year-end 30-year mortgage rate (4.2% vs. 4.7%); and Year-end price change (+4.0% vs. +3.5%). As of 11/19/14, the S&P Homebuilding Select Industry Index stood 41.5% below its 10-year high set on 7/20/05, according to Bloomberg.

Thursday, November 20, 2014
A study by IMS Health *(The Global Outlook for Medicines Through 2018)* estimates that global spending on medicines will rise by 30%, to $1.3 trillion, by 2018, according to its own release. IMS expects global spending to increase by $70 billion in 2014, up from an increase of $44 billion in 2013 and $26 billion in 2012. Spending is projected to grow at a 4% to 7% compound annual rate over the next five years. IMS predicts that nearly 200 new drugs will come to market in the next five years. More than 2,000 drugs are currently in late-stage clinical development.

Friday, November 21, 2014
The S&P 500 closed yesterday's trading session at an all-time high of 2052.75. The index is up 13.1% so far in 2014, including reinvested dividends. When it comes to investing in U.S. equities, passive mutual funds and ETFs are clearly more popular with investors than actively managed mutual funds and ETFs, according to data from Morningstar. Active U.S. equity funds/ETFs experienced net outflows for the eighth consecutive month in October, while passive U.S. equity funds/ETFs experienced net inflows for the ninth consecutive month. For the one-year period ended October 2014, active U.S. equity funds/ETFs reported net outflows totaling $79.3 billion, compared to net inflows totaling $139.5 billion for passive U.S. equity funds/ETFs.