First Trust

Market Watch

Week of March 24th

Stock Index Performance

Index	Week	YTD	12-mo.	2013	5-yr.
Dow Jones Industrial Avg. (16,303)	1.48%	-1.09%	15.81%	29.65%	20.68%
S&P 500 (1,867)	1.38%	1.45%	23.31%	32.38%	21.96%
NASDAQ 100 (3,653)	0.70%	2.00%	33.56%	36.94%	26.61%
S&P 500 Growth	0.94%	1.76%	25.70%	32.75%	22.05%
S&P 500 Value	1.87%	1.12%	20.82%	31.97%	21.96%
S&P MidCap 400 Growth	1.12%	2.59%	23.36%	32.68%	26.40%
S&P MidCap 400 Value	1.22%	3.61%	23.07%	34.25%	25.89%
S&P SmallCap 600 Growth	1.13%	1.75%	31.07%	42.68%	28.64%
S&P SmallCap 600 Value	1.50%	2.58%	29.36%	39.98%	27.18%
MSCI EAFE	0.11%	-2.02%	13.83%	22.78%	15.47%
MSCI World (ex US)	0.23%	-2.58%	8.86%	15.29%	15.01%
MSCI World	0.77%	-0.08%	18.26%	26.68%	18.43%
MSCI Emerging Markets	0.79%	-5.48%	-5.22%	-2.60%	13.98%

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 3/21/14.

S&P Sector Performance

Index	Week	YTD	12-mo.	2013	5-yr.
Consumer Discretionary	0.10%	-1.36%	28.32%	43.08%	30.99%
Consumer Staples	0.47%	-0.74%	11.62%	26.14%	18.78%
Energy	1.27%	-1.68%	13.27%	25.05%	15.87%
Financials	3.08%	2.98%	26.19%	35.59%	24.42%
Health Care	0.13%	5.59%	33.05%	41.46%	22.28%
Industrials	1.05%	-1.10%	26.90%	40.64%	26.81%
Information Technology	2.36%	2.55%	27.20%	28.43%	22.61%
Materials	1.41%	3.10%	24.24%	25.60%	21.10%
Telecom Services	3.57%	-1.48%	1.47%	11.47%	14.16%
Utilities	-0.13%	7.59%	10.63%	13.21%	14.64%

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 3/21/14.

Bond Index Performance

Index	Week	YTD	12-mo.	2013	5-yr.
U.S. Treasury: Intermediate	-0.51%	0.55%	-0.77%	-1.34%	2.29%
GNMA 30 Year	-0.51%	1.65%	-0.08%	-2.17%	3.94%
U.S. Aggregate	-0.39%	1.60%	-0.13%	-2.02%	4.81%
U.S. Corporate High Yield	0.27%	2.65%	7.34%	7.44%	18.75%
U.S. Corporate Investment Grade	-0.21%	2.51%	1.23%	-1.53%	9.62%
Municipal Bond: Long Bond (22+)	-0.25%	5.22%	-1.43%	-6.01%	8.10%
Global Aggregate	-0.77%	2.11%	1.85%	-2.60%	4.70%

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 3/21/14.

Key Rates

As of 3/21/14

Fed Funds	0.00-0.25%	5-yr CD	1.33%
LIBOR (1-month)	0.16%	2-yr T-Note	0.42%
CPI - Headline	1.10%	5-yr T-Note	1.71%
CPI - Core	1.60%	10-yr T-Note	2.75%
Money Market Accts.	0.45%	30-yr T-Bond	3.61%
Money Market Funds	0.01%	30-yr Mortgage	4.39%
6-mo CD	0.35%	Prime Rate	3.25%
1-yr CD	0.64%	Bond Buyer 40	4.79%

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

Market Indicators

As of 3/21/14

TED Spread	18 bps
Investment Grade Spread (A2)	144 bps
ML High Yield Master II Index Spread	376 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 3/12/14

	Current Week		Previous	
Domestic Equity	$1.902	Billion	$1.945	Billion
Foreign Equity	$1.233	Billion	$3.439	Billion
Taxable Bond	$4.721	Billion	$2.952	Billion
Municipal Bond	$551	Million	$756	Million

Change in Money Market Fund Assets for the Week Ended 3/19/14

	Current Week		Previous	
Retail	$1.43	Billion	-$2.34	Billion
Institutional	-$32.80	Billion	$0.31	Billion

Source: Investment Company Institute.

Factoids for the week of March 17 - 21, 2014

Monday, March 17, 2014
A new report from JLL, a financial and professional services firm, revealed that there was a big increase in the amount of capital that flowed into the U.S. office sector from abroad in 2013, according to REIT.com. JLL tracks demand for a niche it calls “Skyline” assets − high-end office properties located throughout 43 U.S. cities. In 2013, nearly 51% of assets sold in these Skyline markets were bought by non-U.S. investors, well above the 10% to 15% norm. The increased interest from abroad helped push rents up by 4.6% in 2013. John Sikaitis, managing director of research at JLL, believes the increase in demand will persist through 2014 and 2015. From 12/31/12-3/14/14, the FTSE EPRA/NAREIT U.S. Office Index posted a cumulative total return of 20.35%, compared to 10.74% for the broader FTSE NAREIT Equity REITs Index.

Tuesday, March 18, 2014
The S&P/Experian Consumer Credit Default Composite Index stood at 1.30% in February 2014, down from 1.34% in January 2014 and down from 1.55% in February 2013, 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. Default rates fell across the board despite mixed economic reports and severe winter weather. The default rate on first mortgages stood at 1.23% in February, down from 1.26% in January and down from 1.48% in February 2013. The bank card default rate stood at 2.83% in February, down from 2.99% in January and down from 3.37% in February 2013. The auto loan component stood at 1.03% in February, down from 1.11% in January and down from 1.11% in February 2013.

Wednesday, March 19, 2014
The Global Business Travel Association (GBTA) estimates that U.S. spending on business travel will increase by 6.6% to $290.0 billion in 2014, according to *Businessweek*. It sees spending rising 6.1% to $307.7 billion in 2015. Spending rose 3.8% in 2013. The GBTA also reported that spending on business travel in Europe, which tends to be concentrated in Germany, the UK, France, Italy and Spain, is expected to increase by 5.1% to $186.5 billion in 2014. It sees spending rising 6.5% to $198.6 billion in 2015.

Thursday, March 20, 2014
Europe appears to be experiencing a resurgence in IPO activity, according to CNNMoney.com. Europe had been in the midst of a five-year drought. Data from Dealogic shows that IPOs launched in the U.K., the Netherlands, Denmark and Spain have raised a combined $12.4 billion so far in 2014, topping the $9.2 billion raised in the U.S. The U.K. alone has raised $7.6 billion year-to-date, up from $800 million at this point a year ago. IPO activity is accelerating beyond the U.S. and Europe. Worldwide volume has already surpassed $40 billion, twice as much as at this point a year ago.

Friday, March 21, 2014
A recent study conducted by three Princeton economists revealed that, from 2008 through 2012, only 11% of the long-term unemployed in the U.S. in any given month found full-time work a year later, according to the *Los Angeles Times*. The study found that those who had been out of work for months represented all industries, but were primarily concentrated in sales, service and blue collar positions. Despite an improving economy, the amount of people who were unemployed for more than six months remained above the previous peak set in 1981-1982. The paper noted that long-term unemployment is even a problem in those states where unemployment rates are well below the national average.