First Trust

Market Watch

Week of January 19th

Stock Index Performance

Index	Week	YTD	12-mo.	2014	5-yr.
Dow Jones Industrial Avg. (17,512)	-1.25%	-1.66%	9.17%	10.04%	13.41%
S&P 500 (2,019)	-1.22%	-1.85%	11.65%	13.68%	14.56%
NASDAQ 100 (4,142)	-1.69%	-2.19%	16.14%	19.49%	18.73%
S&P 500 Growth	-1.03%	-1.04%	13.51%	14.89%	15.51%
S&P 500 Value	-1.44%	-2.72%	9.63%	12.35%	13.58%
S&P MidCap 400 Growth	-0.20%	0.04%	7.04%	7.57%	16.25%
S&P MidCap 400 Value	-1.27%	-3.11%	7.49%	12.04%	15.00%
S&P SmallCap 600 Growth	0.04%	-0.97%	3.03%	3.85%	17.03%
S&P SmallCap 600 Value	-0.74%	-3.84%	3.90%	7.54%	15.52%
MSCI EAFE	0.73%	-1.84%	-6.70%	-4.90%	4.34%
MSCI World (ex US)	0.30%	-1.70%	-4.91%	-3.87%	3.54%
MSCI World	-0.50%	-1.98%	2.93%	4.94%	9.25%
MSCI Emerging Markets	-0.40%	0.15%	0.75%	-2.19%	1.37%

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 1/16/15.

S&P Sector Performance

Index	Week	YTD	12-mo.	2014	5-yr.
Consumer Discretionary	-1.67%	-3.43%	8.19%	9.68%	20.35%
Consumer Staples	0.31%	1.63%	19.43%	15.98%	16.18%
Energy	-1.50%	-4.63%	-9.76%	-7.79%	6.98%
Financials	-2.67%	-4.94%	8.68%	15.18%	11.31%
Health Care	0.22%	2.91%	25.28%	25.34%	19.21%
Industrials	-1.29%	-3.43%	6.47%	9.80%	15.63%
Information Technology	-2.48%	-2.76%	15.80%	20.12%	14.24%
Materials	-1.10%	-1.45%	5.70%	6.91%	10.43%
Telecom Services	1.90%	2.43%	6.84%	2.99%	13.16%
Utilities	2.62%	3.02%	32.60%	28.98%	14.10%

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 1/16/15.

Bond Index Performance

Index	Week	YTD	12-mo.	2014	5-yr.
U.S. Treasury: Intermediate	0.56%	1.26%	3.52%	2.57%	2.98%
GNMA 30 Year	-0.11%	0.10%	5.14%	6.03%	3.92%
U.S. Aggregate	0.48%	1.35%	6.57%	5.97%	4.47%
U.S. Corporate High Yield	-0.31%	-0.08%	1.39%	2.45%	8.54%
U.S. Corporate Investment Grade	0.51%	1.76%	8.17%	7.46%	6.54%
Municipal Bond: Long Bond (22+)	0.88%	1.98%	14.99%	15.39%	7.18%
Global Aggregate	0.06%	0.02%	0.26%	0.59%	2.35%

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 1/16/15.

Key Rates

As of 1/16/15

Fed Funds	0.00-0.25%	5-yr CD	1.45%
LIBOR (1-month)	0.17%	2-yr T-Note	0.49%
CPI - Headline	0.80%	5-yr T-Note	1.30%
CPI - Core	1.60%	10-yr T-Note	1.84%
Money Market Accts.	0.47%	30-yr T-Bond	2.45%
Money Market Funds	0.01%	30-yr Mortgage	3.82%
6-mo CD	0.40%	Prime Rate	3.25%
1-yr CD	0.72%	Bond Buyer 40	4.12%

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

Market Indicators

As of 1/16/15

TED Spread	24 bps
Investment Grade Spread (A2)	173 bps
ML High Yield Master II Index Spread	539 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 1/7/15

	Current Week		Previous	
Domestic Equity	-$5.395	Billion	-$1.487	Billion
Foreign Equity	$1.477	Billion	-$63	Million
Taxable Bond	-$4.878	Billion	-$367	Million
Municipal Bond	$1.336	Billion	$1.389	Billion

Change in Money Market Fund Assets for the Week Ended 1/14/15

	Current Week		Previous	
Retail	-$6.57	Billion	$4.66	Billion
Institutional	-$2.47	Billion	-$23.25	Billion

Source: Investment Company Institute.

Factoids for the week of January 12 - 16, 2015

Monday, January 12, 2015

The Barclays Capital "Original E&P Spending Survey" (conducted semiannually and released on 1/8/15) estimates that worldwide E&P expenditures will decrease by 8.8% in 2015, according to Barclays. E&P companies are basing their 2015 budgets on an average price estimate of $65 per barrel for WTI crude oil and $70 for Brent. If oil prices settle below these estimates then expenditures could be trimmed beyond the 8.8% target. North American budgets are expected to fall by 14.1% in 2015. This is just the seventh decline in global spending in the 30-year history of the survey. Barclays noted that after almost every decline spending increased by more than 10% the following year. The target for natural gas is $3.50-4.00 per million British thermal units (Henry Hub).

Tuesday, January 13, 2015

Credit Suisse estimates that global smartphone penetration, which currently stands at 50%, will trend towards 90% over the next few years, according to MarketWatch.com. It sees the total addressable population for smartphones reaching 4.95 billion by 2017. For the first time ever, the number of phones purchased as replacement units are expected to outpace first-time smartphone buys in 2015, according to Credit Suisse. It estimates that replacement units will constitute 56% of total shipment volumes in 2015 and 67% by 2017, up from 50% in 2014.

Wednesday, January 14, 2015

A survey conducted by the Association of Foreign Investors in Real Estate found that global investors view the U.S. as the most stable and secure destination for real estate investment, according to REIT.com. Germany and the U.K. were the next two. More than 90% of global investors polled said they plan to maintain or increase the size of their U.S. real estate portfolio in 2015. With respect to potential capital appreciation opportunities, respondents ranked the U.S. market number one, followed by Spain and the U.K. With the exception of last year, when London was ranked number one for global real estate investment, New York has been the top target since 2010. San Francisco was ranked third in 2014.

Thursday, January 15, 2015

Venture capital firms raised $29.83 billion via 254 funds in 2014, up 68.6% from the $17.69 billion raised in 2013, according to Thomson Reuters and the National Venture Capital Association. The $29.83 billion represents the highest volume posted since 2007, when VC firms took in $30.00 billion. The 254 funds that participated were the most since 2001, when 324 funds raised capital.

Friday, January 16, 2015

Moody’s reported that the global speculative-grade default rate stood at 2.1% in December, according to its own release. The rate was 2.6% a year ago. Moody's is forecasting a default rate of 2.7% for December 2015. The historical average for the default rate on speculative-grade debt has been 4.7% since 1983. The U.S. speculative-grade default rate stood at 1.9% in December. The rate was 2.2% a year ago. The default rate on senior loans stood at 0.62% in December, according to Standard & Poor's LCD. The rate was 1.61% a year ago. The historical average is 3.22%.