First Trust

Market Watch

Week of January 18th

Stock Index Performance

Index	Week	YTD	12-mo.	2015	5-yr.
Dow Jones Industrial Avg. (15,988)	-2.16%	-8.16%	-5.39%	0.21%	9.01%
S&P 500 (1,880)	-2.15%	-7.93%	-3.63%	1.37%	10.07%
NASDAQ 100 (4,141)	-3.04%	-9.81%	2.49%	9.75%	13.67%
S&P 500 Growth	-2.14%	-8.03%	-0.65%	5.51%	11.64%
S&P 500 Value	-2.16%	-7.83%	-6.96%	-3.14%	8.39%
S&P MidCap 400 Growth	-2.66%	-8.68%	-5.59%	2.01%	8.56%
S&P MidCap 400 Value	-3.20%	-9.67%	-11.71%	-6.66%	7.30%
S&P SmallCap 600 Growth	-2.00%	-9.00%	-3.80%	2.74%	9.90%
S&P SmallCap 600 Value	-2.75%	-9.79%	-11.04%	-6.70%	7.57%
MSCI EAFE	-2.82%	-8.79%	-8.00%	-0.81%	1.34%
MSCI World (ex US)	-3.23%	-9.31%	-13.04%	-5.66%	-1.19%
MSCI World	-2.58%	-8.49%	-6.75%	-0.87%	5.22%
MSCI Emerging Markets	-4.17%	-10.68%	-24.32%	-14.92%	-7.08%
S&P GSCI	-6.84%	-11.96%	-34.93%	-32.86%	-17.50%

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 1/15/16.

S&P Sector Performance

Index	Week	YTD	12-mo.	2015	5-yr.
Consumer Discretionary	-2.85%	-8.57%	5.62%	10.11%	15.41%
Consumer Staples	-1.49%	-4.35%	1.11%	6.60%	13.48%
Energy	-2.04%	-8.74%	-22.11%	-21.12%	-2.62%
Financials	-3.04%	-10.20%	-5.90%	-1.56%	7.01%
Health Care	-1.67%	-7.15%	-1.71%	6.89%	17.99%
Industrials	-2.10%	-8.30%	-6.85%	-2.56%	8.94%
Information Technology	-2.15%	-8.96%	0.08%	5.92%	10.78%
Materials	-4.40%	-11.83%	-16.68%	-8.38%	2.22%
Telecom Services	-0.16%	-1.94%	0.61%	3.40%	8.18%
Utilities	0.70%	0.30%	-6.54%	-4.84%	10.81%

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 1/15/16.

Bond Index Performance

Index	Week	YTD	12-mo.	2015	5-yr.
U.S. Treasury: Intermediate	0.47%	1.10%	0.83%	1.18%	2.29%
GNMA 30 Year	0.23%	0.67%	1.70%	1.41%	3.19%
U.S. Aggregate	0.33%	0.97%	-0.09%	0.55%	3.42%
U.S. Corporate High Yield	-2.55%	-2.83%	-7.18%	-4.47%	4.15%
U.S. Corporate Investment Grade	-0.13%	0.49%	-2.30%	-0.68%	4.60%
Municipal Bond: Long Bond (22+)	0.11%	1.07%	3.55%	4.52%	8.96%
Global Aggregate	0.22%	0.98%	-2.56%	-3.15%	1.23%

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 1/15/16.

Key Rates

As of 1/15/16

Fed Funds	0.25-0.50%	5-yr CD	1.86%
LIBOR (1-month)	0.42%	2-yr T-Note	0.85%
CPI - Headline	0.50%	5-yr T-Note	1.46%
CPI - Core	2.00%	10-yr T-Note	2.04%
Money Market Accts.	0.48%	30-yr T-Bond	2.81%
Money Market Funds	0.07%	30-yr Mortgage Refinance	3.73%
6-mo CD	0.35%	Prime Rate	3.50%
1-yr CD	1.10%	Bond Buyer 40	4.14%

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

Market Indicators

As of 1/15/16

TED Spread	39 bps
Investment Grade Spread (A2)	213 bps
ML High Yield Master II Index Spread	790 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 1/6/16

	Current Week		Previous	
Domestic Equity	-$3.959	Billion	-$2.925	Billion
Foreign Equity	$1.553	Billion	-$3.115	Billion
Taxable Bond	-$1.315	Billion	-$6.847	Billion
Municipal Bond	$1.382	Billion	$2.243	Billion

Change in Money Market Fund Assets for the Week Ended 1/13/16

	Current Week		Previous	
Retail	-$2.83	Billion	$77.43	Billion
Institutional	$10.74	Billion	-$101.82	Billion

Source: Investment Company Institute.

Factoids for the week of January 11-15, 2016

Monday, January 11, 2016
U.S. public pension plans and mutual funds have been positioning more of their capital in cash in recent quarters, according to *The Wall Street Journal*. The average cash position held by large public pension funds rose from 3.4% in June 2014 to 5.4% in September 2015, the highest level as a percentage of assets since 2004, according to data from Wilshire Trust Universe Comparison Service. The average cash level in mutual funds rose for seven consecutive quarters to an estimated 8.75% in September 2015, the highest level as a percentage of assets since 2007, according to data from Morningstar.

Tuesday, January 12, 2016
A study by the Federal Reserve Bank of New York found that 45% of students who graduated college between 2009 and 2013 work in a “non-college job,” which is defined as a position in which fewer than 50% of the workers in that job need a bachelor’s degree, according to MarketWatch. The study revealed that 25.2% of those underemployed held office and administrative positions paying an average of $37,207 per year, while 19.3% were in low-skilled jobs (baristas, bartenders and cashiers) earning an average of $23,584. The highest paid of the underemployed, earning an average of $59,059, were the 11.4% working in information processing and business support. The average pay for a college graduate in the U.S. (all ages) is approximately $78,500.

Wednesday, January 13, 2016
Moody’s reported that the global speculative-grade default rate stood at 3.4% in December, up from 2.9% in November, according to its own release. It sees the rate increasing to 3.9% by December 2016. Moody’s puts the historical average default rate at 4.2% since 1983. In 2015, there were 108 defaults, up from 55 in 2014. The U.S. speculative-grade default rate also stood at 3.4% in December, up from 3.0% in November. The default rate on senior loans stood at 1.19% in December, up from 1.09% in November, according to S&P Capital IQ. The historical average has been 2.79% since December 2002.

Thursday, January 14, 2016
The Barclays Upstream Spending Survey (released on 1/13/16) estimates that global E&P expenditures will decrease by 15% in 2016, according to its own release. Spending fell 23% in 2015. It will mark only the second time spending has declined in consecutive years since the survey began 31 years ago. The spending cuts assume an average price of $50 per barrel for Brent crude and $45 for WTI. The estimated reduction in spending could increase from 15% to closer to 20% if the price of crude oil averages $40 per barrel.

Friday, January 15, 2016
Data from the Employee Benefit Research Institute (EBRI) indicates that 28% of American workers have less than $1,000 in savings and investments, according to MarketWatch.com. The concern is that many Americans will not have enough money to retire. Over 30 million full-time, private-sector workers ages 18 to 64 do not have access to a retirement plan from their employer, according to a report from The Pew Charitable Trusts. These workers can still fund an IRA or other savings vehicles, but it requires more discipline than making regular contributions to a 401(k) plan. The following is a breakdown from the EBRI showing how much Americans have saved: 28% (< $1,000); 17% ($1,000-$9,999); 12% ($10,000-$24,999); 9% ($25,000-$49,999); 10% ($50,000-$99,999); 10% ($100,000-$249,999); and 14% ($250,000 or more).