First Trust

Market Watch

Week of October 3rd

Stock Index Performance

Index	Week	YTD	12-mo.	2015	5-yr.
Dow Jones Industrial Avg. (18,308)	0.26%	7.21%	15.46%	0.21%	13.75%
S&P 500 (2,168)	0.20%	7.84%	15.42%	1.37%	16.35%
NASDAQ 100 (4,876)	0.35%	7.19%	18.13%	9.75%	19.48%
S&P 500 Growth	-0.03%	6.38%	14.73%	5.51%	16.78%
S&P 500 Value	0.45%	9.36%	15.97%	-3.14%	15.84%
S&P MidCap 400 Growth	-0.56%	9.59%	12.78%	2.01%	15.56%
S&P MidCap 400 Value	0.80%	15.24%	17.79%	-6.66%	17.27%
S&P SmallCap 600 Growth	-0.76%	11.38%	15.56%	2.74%	17.58%
S&P SmallCap 600 Value	0.22%	16.61%	20.91%	-6.70%	18.06%
MSCI EAFE	-0.68%	1.73%	6.52%	-0.81%	7.38%
MSCI World (ex US)	-0.81%	5.82%	9.26%	-5.66%	6.03%
MSCI World	-0.14%	5.55%	11.36%	-0.87%	11.61%
MSCI Emerging Markets	-1.51%	16.02%	16.78%	-14.92%	3.03%
S&P GSCI	3.69%	5.30%	-12.21%	-32.86%	-12.60%

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 9/30/16.

S&P Sector Performance

Index	Week	YTD	12-mo.	2015	5-yr.
Consumer Discretionary	0.46%	3.64%	9.64%	10.11%	20.07%
Consumer Staples	-0.15%	7.55%	15.77%	6.60%	15.40%
Energy	4.64%	18.72%	18.96%	-21.12%	5.94%
Financials	-0.26%	1.40%	7.40%	-1.56%	17.31%
Health Care	-1.40%	1.37%	10.71%	6.89%	20.00%
Industrials	1.05%	10.87%	19.70%	-2.56%	17.50%
Information Technology	0.81%	12.51%	22.82%	5.92%	18.05%
Materials	0.98%	11.45%	22.25%	-8.38%	12.69%
Telecom Services	-1.40%	17.86%	26.82%	3.40%	12.28%
Utilities	-3.76%	16.13%	17.37%	-4.84%	12.08%

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 9/30/16.

Bond Index Performance

Index	Week	YTD	12-mo.	2015	5-yr.
U.S. Treasury: Intermediate	0.07%	3.39%	2.50%	1.18%	1.64%
GNMA 30 Year	0.06%	3.33%	3.50%	1.41%	2.43%
U.S. Aggregate	0.06%	5.80%	5.19%	0.55%	3.08%
U.S. Corporate High Yield	0.40%	15.11%	12.73%	-4.47%	8.34%
U.S. Corporate Investment Grade	0.06%	9.20%	8.56%	-0.68%	5.14%
Municipal Bond: Long Bond (22+)	-0.13%	6.13%	8.72%	4.52%	6.43%
Global Aggregate	0.12%	9.85%	8.83%	-3.15%	1.74%

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 9/30/16.

Key Rates

As of 9/30/16

Fed Funds	0.25-0.50%	5-yr CD	1.68%
LIBOR (1-month)	0.53%	2-yr T-Note	0.76%
CPI - Headline	1.10%	5-yr T-Note	1.15%
CPI - Core	2.30%	10-yr T-Note	1.60%
Money Market Accts.	0.49%	30-yr T-Bond	2.32%
Money Market Funds	0.12%	30-yr Mortgage Refinance	3.39%
6-mo CD	0.74%	Prime Rate	3.50%
1-yr CD	1.15%	Bond Buyer 40	3.82%

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

Market Indicators

As of 9/30/16

TED Spread	56 bps
Investment Grade Spread (A2)	156 bps
ML High Yield Master II Index Spread	497 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 9/21/16

	Current Week		Previous	
Domestic Equity	-$2.128	Billion	-$3.545	Billion
Foreign Equity	-$528	Million	-$679	Million
Taxable Bond	$2.129	Billion	$2.798	Billion
Municipal Bond	$754	Million	$679	Million

Change in Money Market Fund Assets for the Week Ended 9/28/16

	Current Week		Previous	
Retail	-$6.14	Billion	$1.24	Billion
Institutional	$16.65	Billion	$9.48	Billion

Source: Investment Company Institute.

Factoids for the week of September 26-30, 2016

Monday, September 26, 2016
Alexandre de Juniac, director-general of the International Air Transport Association (IATA), reported that the airline industry will generate an estimated $39.4 billion in net profits in 2016, the second year in a row that the industry will deliver a return on investment higher than 9.0%, according to the *Los Angeles Times*. Strong demand from air travelers and lower fuel costs, which are down more than 50% over the past two years, were cited as the main reasons for the surge in profitability. The IATA noted that 60% of the world's airline profits are generated by U.S. carriers.

Tuesday, September 27, 2016
As of this morning, the dividend yield on the S&P 500 Index is 2.15%, while the yield on the 10-year Treasury note (T-note) is around 1.57%, according to Bloomberg. Since 1953, whenever the dividend yield on the S&P 500 Index exceeded the yield on the 10-year T-note, the S&P 500 Index posted an average gain of nearly 20% in the following 12 months, and rose in price more than 80% of the time, according to Sam Stovall, U.S. equity strategist at S&P Global Market Intelligence.

Wednesday, September 28, 2016
Dealogic reported that global debt issuance in 2016 stood at $5.02 trillion as of 9/22, putting 2016 on course to top the all-time high of $6.60 trillion registered in 2006, according to *The Telegraph*. Corporate issuance of investment-grade debt stood at a record high $1.54 trillion (Y-T-D thru 9/22). The low interest rate climate fostered by central banks around the world has encouraged countries and companies to issue debt. More than $13 trillion of global sovereign and corporate debt trades at negative yields.

Thursday, September 29, 2016
Multiple surveys have revealed that many older Americans are afraid of running out of money, according to Fox Business. A recent study by Transamerica found that 43% of workers 50 and older claim that their greatest retirement-related fear is outliving their savings. A survey released in 2015 by the American Institute of CPAs found that 57% of those financial planners polled listed running out of money as their clients' primary retirement concern. A study of over 3,000 baby boomers by Allianz found that 60% of them were more afraid of outliving their savings than dying. Roughly 30% of Americans 55 and older have no retirement savings.

Friday, September 30, 2016
Euromonitor International, a London-based market research firm, reported that payments made using credit, debit, charge and other cards will overtake cash payments worldwide for the first time in 2016, registering an estimated $23.1 trillion in consumer spending compared with cash's $22.6 trillion, according to MarketWatch. Technology has made it easier for people around the world to gain access to financial services. Euromonitor found that several countries' governments have provided incentives to use card and mobile payments instead of cash, in an effort to reduce "shadow economy" activities and illegal transactions.