First Trust

Market Watch

Week of December 12th

Stock Index Performance

Index	Week	YTD	12-mo.	2010	5-yr.
Dow Jones Industrial Avg. (12,184)	1.42%	7.98%	10.01%	14.06%	2.57%
S&P 500 (1,255)	0.91%	1.79%	3.91%	15.06%	-0.17%
NASDAQ 100 (2,319)	0.73%	5.51%	6.30%	20.15%	6.10%
S&P 500 Growth	0.76%	4.93%	6.42%	15.09%	2.47%
S&P 500 Value	1.11%	-1.42%	1.36%	15.13%	-2.89%
S&P MidCap 400 Growth	0.42%	1.00%	2.41%	30.65%	5.30%
S&P MidCap 400 Value	0.60%	-3.19%	-0.59%	22.80%	1.09%
S&P SmallCap 600 Growth	1.58%	4.30%	5.86%	28.43%	3.75%
S&P SmallCap 600 Value	1.31%	-2.48%	0.67%	25.01%	-0.05%
MSCI EAFE	-0.88%	-11.23%	-9.08%	7.75%	-4.19%
MSCI World (ex US)	-1.35%	-12.71%	-10.31%	11.15%	-2.36%
MSCI World	-0.01%	-5.25%	-3.01%	11.76%	-2.11%
MSCI Emerging Markets	-2.76%	-16.90%	-14.24%	18.88%	3.42%

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 12/9/11.

S&P Sector Performance

Index	Week	YTD	12-mo.	2010	5-yr.
Consumer Discretionary	0.73%	6.46%	7.01%	27.85%	2.27%
Consumer Staples	0.76%	11.20%	12.89%	14.12%	7.24%
Energy	0.15%	5.12%	9.35%	20.46%	4.47%
Financials	1.69%	-16.77%	-14.72%	12.18%	-16.38%
Health Care	0.88%	9.22%	11.48%	2.90%	2.41%
Industrials	0.95%	-1.13%	1.77%	26.74%	0.54%
Information Technology	1.36%	5.18%	5.67%	10.22%	4.22%
Materials	-0.03%	-8.98%	-4.11%	22.34%	1.77%
Telecom Services	0.50%	2.41%	5.94%	18.97%	1.20%
Utilities	0.79%	15.47%	18.14%	5.46%	3.09%

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 12/9/11.

Bond Index Performance

Index	Week	YTD	12-mo.	2010	5-yr.
U.S. Treasury: Intermediate	0.11%	6.18%	6.17%	5.29%	5.90%
GNMA 30 Year	0.38%	7.68%	7.94%	6.71%	6.91%
U.S. Aggregate	0.16%	7.05%	7.31%	6.54%	6.27%
U.S. Corporate High Yield	0.70%	3.79%	4.71%	15.12%	7.39%
U.S. Corporate Investment Grade	0.12%	6.75%	7.41%	9.00%	6.41%
Municipal Bond: Long Bond (22+)	0.98%	13.47%	12.75%	1.12%	3.89%
Global Aggregate	0.18%	5.33%	7.17%	5.55%	6.10%

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 12/9/11.

Key Rates

As of 12/9/11

Fed Funds	0.00-0.25%	5-yr CD	1.44%
LIBOR (1-month)	0.28%	2-yr T-Note	0.22%
CPI - Headline	3.50%	5-yr T-Note	0.89%
CPI - Core	2.10%	10-yr T-Note	2.06%
Money Market Accts.	0.48%	30-yr T-Bond	3.11%
Money Market Funds	0.02%	30-yr Mortgage	3.96%
6-mo CD	0.46%	Prime Rate	3.25%
1-yr CD	0.72%	Bond Buyer 40	4.97%

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

Market Indicators

As of 12/9/11

TED Spread	54 bps
Investment Grade Spread (A2)	271 bps
ML High Yield Master II Index Spread	755 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 11/30/11

	Current Week		Previous	
Domestic Equity	-$6.669	Billion	-$3.720	Billion
Foreign Equity	-$2.956	Billion	-$23	Million
Taxable Bond	$709	Million	$6.235	Billion
Municipal Bond	$449	Million	$333	Million

Change in Money Market Fund Assets for the Week Ended 12/7/11

	Current Week		Previous	
Retail	$5.94	Billion	-$0.91	Billion
Institutional	$19.31	Billion	$7.04	Billion

Source: Investment Company Institute

Factoids for the week of December 5th – 9th

Monday, December 5, 2011

In November, the dividend-payers (392) in the S&P 500 (equal weight) posted a total return of -0.33%, vs. -2.14% for the non-payers (108), according to Standard & Poor's. Y-T-D, the payers were up 0.85%, vs. a decline of 5.41% for the non-payers. For the 12-month period ended November '11, payers were up 8.28%, vs. a gain of 0.96% for the non-payers. The number of dividend increases y-t-d totaled 293, up from 221 increases a year ago. Nineteen companies initiated dividends, up from 11 a year ago. Five dividends were cut, up from three cuts last year.

Tuesday, December 6, 2011

Data from Dealogic shows a total of 39,236 global M&A deals have been announced so far this year (as of 11/25), up from 37,712 at this point last year, according to *The Economic Times*. Total deal volume is up 6.0% (y-o-y) from $2.40 trillion to $2.55 trillion. Europe has been the most targeted region with 13,480 deals, or 34% of total activity. The financial sector has accounted for only 9% of the total number of deals, its lowest share in 10 years.

Wednesday, December 7, 2011

The Barclays Capital "Original E&P Spending Survey" (conducted semiannually) estimates that worldwide E&P expenditures will increase by about 10% in 2012, according to Barclays Capital. Spending is expected to rise from $544 billion this year to $598 billion in 2012. Barclays believes its growth estimate might be on the conservative side and sees potential for additional spending if the price of oil remains elevated. Here is the global breakdown of the estimates: U.S. ($111.7 billion in '11 vs. $122.4 billion in '12); Canada ($36.1 billion in '11 vs. $37.3 billion in '12); and International ($396.7 billion in '11 vs. $438.8 billion in '12). Companies are basing their 2012 budgets on an average price of $87 for WTI crude oil and $98 for Brent. Barclays is bullish on oil service, equipment and drilling companies. It believes they will significantly outperform the broader market over the next several years.

Thursday, December 8, 2011

Moody's reported that the *global speculative-grade* default rate stood at 1.8% in November, down slightly from 1.9% in October, according to *Bloomberg Businessweek*. The rate was 3.6% a year ago. Moody's is forecasting a default rate of 1.7% for December 2011. The *U.S. speculative-grade* default rate stood at 2.0% for the third month in a row. The rate was 3.6% a year ago. The default rate on senior loans stood at a 47-month low of 0.62% in November, down from 0.92% in October, according to Standard & Poor's LCD. The rate was 2.25% a year ago. The historical average is 3.35%.

Friday, December 9, 2011

A recent study ("North American and European Investor Opinions of Latin American Companies") by J.P. Morgan found that investors see Brazil as the most promising country in Latin America to invest in over the next 1-3 years, according to *Worth*. Nearly 70% of those polled picked Brazil, followed by Columbia (38%), Chile (25%), Mexico (25%), Peru (18%) and Argentina (8%). Participants are attracted to Brazil's growing middle class, government stability, natural resources, strong currency, well- regulated capital market and infrastructure needs for the 2014 World Cup and 2016 Summer Olympics.