

Open-End Net Fund Flows (\$)	6/17	5/17	YTD (Jun)
Equity	-9.49B	2.61B	-38.29B
Taxable Bond	17.18B	23.41B	120.68B
Municipal Bond	2.56B	2.13B	14.21B
Hybrid	-2.95B	-2.24B	-13.46B
Taxable Money Market	-21.60B	10.57B	-98.19B

Key Interest Rates	7/31/17	12/30/16	7/29/16
Federal Funds Target Rate	1.25%	0.75%	0.50%
LIBOR (3-Month)	1.31%	1.00%	0.76%
2-Year T-Note	1.35%	1.19%	0.66%
10-Year T-Note	2.30%	2.45%	1.45%
Bond Buyer 40	4.03%	4.25%	3.79%

Commodities/U.S. Dollar	7/17	YTD	12 Mo.
U.S. Dollar Index (DXY)	-2.90%	-9.15%	-2.79%
TR/CC CRB Commodity Index	4.50%	-5.13%	0.90%
Crude Oil (Barrel)	8.97%	-6.61%	20.60%
Natural Gas (per million BTUs)	-8.22%	-25.00%	-3.13%
Gold Bullion (Ounce)	1.96%	9.98%	-6.11%

## Total Return Performance

U.S. Stock Indices	7/17	YTD	12 Mo.
S&P 500	2.06%	11.59%	16.03%
DJIA	2.68%	12.28%	21.81%
NASDAQ 100	4.17%	21.66%	25.81%
S&P 400	0.88%	6.91%	14.68%
Russell 2000	0.74%	5.76%	18.43%
Russell 3000	1.89%	10.98%	16.12%

U.S. Styles/Market Caps	7/17	YTD	12 Mo.
S&P 500 Growth	2.61%	16.29%	16.97%
S&P 500 Value	1.37%	6.29%	14.33%
S&P MidCap 400 Growth	0.80%	9.40%	13.70%
S&P MidCap 400 Value	0.96%	4.23%	14.90%
Russell 2000 Growth	0.85%	10.90%	17.73%
Russell 2000 Value	0.63%	1.17%	19.19%

Foreign Stock Indices (USD)	7/17	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	2.98%	16.18%	17.27%
MSCI Emerging Markets NET	5.96%	25.49%	24.84%
MSCI Europe NET	2.99%	18.80%	19.71%
MSCI BRIC NET	8.63%	26.90%	29.94%
MSCI EM Latin America NET	8.28%	19.24%	18.02%
Nikkei 225	1.21%	11.18%	13.59%

Barclays Bond Indices	7/17	YTD	12 Mo.
U.S. Treasury: Intermediate	0.32%	1.53%	-1.05%
GNMA 30 Year	0.45%	1.34%	0.03%
Municipal Bond (22+)	0.97%	5.56%	-0.24%
U.S. Aggregate	0.43%	2.71%	-0.51%
Intermediate Corporate	0.73%	3.42%	1.66%
U.S. Corporate High Yield	1.11%	6.09%	10.95%
Global Aggregate	1.68%	6.16%	-1.28%
EM Hard Currency Aggregate	1.21%	7.10%	5.31%

Sources: Bloomberg, Barclays, Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.

## Climate

Nonfarm payrolls came in at 209,000 for July 2017, topping Bloomberg's consensus estimate of 180,000 from its survey of top economists. In the current economic recovery (July 2009-July 2017), nonfarm payrolls have expanded by an average of 161,000 per month, according to data from the Bureau of Labor Statistics. Earnings reporting season for Q2'17 has been encouraging, in our opinion. As of 7/31/17, of the 292 S&P 500 Index companies that had reported, 208 of them, or 71.2%, beat their earnings estimates, according to Bloomberg.

## Stock Market

The S&P 500 Index closed at 2,470.30 on 7/31/17, 0.30% below its all-time high of 2,477.83, established on 7/26/17, according to Bloomberg. The S&P 500 Index posted a total return of 2.06% in July. All 11 of the major sectors that comprise the S&P 500 Index were up on a total return basis. The top-performer was Telecommunication Services, up 6.36%, while the worst showing came from Industrials, up 0.06%. Year-to-date through 7/31/17, the S&P 500 Index posted a total return of 11.59%. Nine of the 11 major sectors were up on a total return basis. The top-performer was Information Technology, up 22.31%, while the worst showing came from Energy, down 10.43%. From 11/8/16 (date Donald Trump was elected 45th President) through 7/31/17, the S&P 500 Index posted a total return of 17.14%, according to Bloomberg. Ten of the 11 major sectors were up on a total return basis. The top-performer was Financials, up 26.94%, while the worst showing came from Energy, down 2.38%. Volatility in the stock market is at historical low levels. The VIX Index (CBOE Volatility Index®), which estimates expected volatility by averaging the weighted prices of S&P 500 puts and calls over a wide range of strike prices, briefly dipped below a reading of 9.00 to a record intraday low of 8.84 on 7/26/17, according to CNBC. The previous low had been 8.89, set on 12/27/93. For comparative purposes, the average for the VIX Index for the 20-year period ended 7/31/17 was 20.70, according to Bloomberg. S&P 500 companies reported that 43.2% of their sales came from outside the U.S. in 2016, down from 44.3% in 2015, according to a release from S&P Dow Jones Indices in July. The 43.2% figure is the lowest it has been since 2003, when it stood at 41.8%. Foreign sales reached an all-time high of 47.9% in 2008. Foreign sales may have been tempered in 2015 and 2016 due to a strengthening U.S. dollar, in our opinion. The U.S. dollar rose 13.23% from 12/31/14 through 12/30/16, as measured by the U.S. Dollar Index (DXY), according to Bloomberg.

## Bond Market

The yield on the benchmark 10-year Treasury note (T-note) stood at 2.30% on 7/31/17, down one basis point (bps) from 2.31% on 6/30/17, according to Bloomberg. It was 85 bps higher than a year ago (1.45% on 7/29/16), but 37 bps lower than the 10-year average of 2.67%. The 30-year average was 5.00%. While bond yields are low by historical standards, demand for corporate debt remains robust. Investment-grade companies sold more than \$867 billion worth of bonds in the first seven months of 2017, putting this year on a potential record-setting pace for new issuance, according to data from Bloomberg. Of the \$207.4 billion in net inflows to taxable bond funds in the first half of 2017, including open-end mutual funds, closed-end funds and exchange-traded products, \$129.1 billion of it was funneled into investment-grade corporate bond funds, according to data from Strategic Insight.

## Takeaway

Globalization appears to be working at the moment, in our opinion. On the whole, stocks and bonds have performed very well on a global basis so far in 2017, with the edge going to most of the major foreign stock and bond benchmarks (see tables). As of 7/31/17, total U.S. equity market capitalization (cap) stood at \$27.45 trillion, while total world equity market cap was \$78.15 trillion, according to Bloomberg. Total U.S. equity market cap accounted for 35.12% of total world equity market cap. In the first half of 2017, the total value of global mergers and acquisitions increased by 8.4%, to \$1.49 trillion, compared to the same period a year ago, according to *Chief Executive*. The number of global IPOs launched in the first half of 2017 totaled 170, up significantly from the 106 brought to market in the first half of 2016, according to Renaissance Capital. The world's 500 largest companies generated \$27.7 trillion in revenues and \$1.5 trillion in profits in 2016, according to *Fortune*. The companies that comprise this year's *Fortune* Global 500 (released in July) employ 67 million people spanning 34 countries. The U.S. had 132 companies on the list, the most of any country.

Data as of 7/31/17

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	2477.83	7/26/2017	676.53	3/9/2009	2470.30	-0.30%	11.59%	1.98%
S&P 500 Growth	1419.24	7/26/2017	363.99	3/9/2009	1409.15	-0.71%	16.29%	1.60%
S&P 500 Value	1057.51	3/1/2017	307.16	3/9/2009	1049.59	-0.75%	6.29%	2.44%
S&P MidCap 400	1791.93	7/25/2017	404.62	3/9/2009	1760.68	-1.74%	6.91%	1.70%
S&P MidCap 400 Growth	818.48	7/25/2017	174.44	11/20/2008	804.10	-1.76%	9.40%	1.29%
S&P MidCap 400 Value	610.02	7/25/2017	144.98	3/9/2009	599.47	-1.73%	4.23%	2.14%
S&P 100	1092.25	7/27/2017	322.13	3/9/2009	1088.94	-0.30%	11.23%	2.12%
DJIA	21891.12	7/31/2017	6547.05	3/9/2009	21891.12	0.00%	12.28%	2.28%
NASDAQ 100	5950.73	7/26/2017	1036.51	11/20/2008	5880.33	-1.18%	21.66%	1.10%
Russell 2000	1450.39	7/25/2017	343.26	3/9/2009	1425.14	-1.74%	5.76%	1.41%
Russell 2000 Growth	880.65	7/25/2017	190.73	3/9/2009	862.28	-2.09%	10.90%	0.86%
Russell 2000 Value	1825.27	3/1/2017	469.32	3/9/2009	1782.63	-2.34%	1.17%	1.98%
Russell 3000	1469.21	7/25/2017	389.61	3/9/2009	1462.32	-0.47%	10.98%	1.90%
MSCI World Net (ex U.S.) (USD)	5715.15	7/20/2017	2131.84	3/9/2009	5710.93	-0.07%	16.18%	3.09%
MSCI Emerging Markets Net (USD)	477.86	7/27/2017	164.51	10/27/2008	476.67	-0.25%	25.49%	2.36%
Ibovespa/Brazil (USD)	44638.24	5/19/2008	9077.09	1/21/2016	21058.13	-52.82%	13.93%	2.97%
RTS/Russia (USD)	2487.92	5/19/2008	498.20	1/23/2009	1007.14	-59.52%	-8.85%	5.41%
S&P BSE 500/India (USD)	226.04	1/7/2008	57.52	3/9/2009	216.55	-4.20%	34.62%	1.19%
Shanghai Composite/China (USD)	832.07	6/12/2015	249.66	11/4/2008	486.74	-41.50%	10.85%	1.93%
KOSPI/South Korea (USD)	2.29	10/31/2007	0.63	11/20/2008	2.14	-6.39%	27.74%	1.46%
Hang Seng (USD)	4082.25	10/30/2007	1420.72	10/27/2008	3498.32	-14.30%	26.51%	3.26%
MSCI Euro (USD)	1985.51	10/31/2007	682.47	3/9/2009	1373.07	-30.85%	21.92%	3.20%
S&P 500 Consumer Discretionary	732.96	6/2/2017	125.72	3/9/2009	726.65	-0.86%	13.08%	1.40%
S&P 500 Consumer Staples	588.35	6/5/2017	199.80	3/9/2009	569.04	-3.28%	8.65%	2.80%
S&P 500 Energy	737.09	6/23/2014	304.81	3/5/2009	489.57	-33.58%	-10.43%	3.46%
S&P 500 Utilities	274.95	6/16/2017	113.81	3/9/2009	270.04	-1.79%	11.41%	3.35%
S&P 500 Financials	482.01	10/5/2007	81.74	3/6/2009	416.17	-13.66%	8.73%	1.65%
S&P 500 Banks	378.24	8/22/2007	49.02	3/5/2009	299.74	-20.75%	6.66%	1.90%
FTSE NAREIT All Equity REITs	725.61	8/1/2016	163.57	3/6/2009	679.78	-6.32%	6.20%	4.02%
S&P 500 Health Care	936.63	7/20/2017	252.84	3/5/2009	923.11	-1.44%	16.97%	1.60%
S&P 500 Pharmaceuticals	647.69	8/1/2016	214.50	3/3/2009	631.11	-2.56%	10.72%	2.53%
NYSE Arca Biotechnology	4431.87	7/17/2015	541.77	3/9/2009	3931.63	-11.29%	28.04%	0.38%
S&P 500 Information Technology	994.72	7/26/2017	198.51	11/20/2008	980.40	-1.44%	22.31%	1.31%
Philadelphia Semiconductor	1138.25	6/8/2017	171.32	11/20/2008	1085.15	-4.66%	20.86%	1.62%
S&P 500 Telecom Services	183.85	7/1/2016	88.10	3/9/2009	161.84	-11.97%	-5.06%	4.84%
S&P 500 Industrials	593.52	7/14/2017	132.83	3/9/2009	582.99	-1.77%	9.57%	2.09%
S&P 500 Materials	349.77	7/25/2017	108.33	3/2/2009	342.02	-2.21%	10.90%	1.99%
Philadelphia Gold & Silver	228.95	4/8/2011	38.84	1/19/2016	85.32	-62.73%	8.59%	0.56%
TR/CC CRB Commodity	473.52	7/2/2008	155.01	2/11/2016	182.64	-61.43%	-5.13%	N/A
BofA ML Perpetual Preferred	253.14	7/21/2017	51.79	3/9/2009	253.05	-0.04%	8.94%	5.34%
BofA ML U.S. High Yield Constrained	412.36	7/28/2017	130.37	12/12/2008	412.35	0.00%	6.12%	5.98%

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