

Stock Index Performance

| Index                              | Week   | YTD     | 12-mo.  | 2017   | 5-yr.   |
|------------------------------------|--------|---------|---------|--------|---------|
| Dow Jones Industrial Avg. (25,340) | -4.17% | 4.29%   | 13.45%  | 28.11% | 13.41%  |
| S&P 500 (2,767)                    | -4.07% | 5.06%   | 10.57%  | 21.82% | 12.46%  |
| NASDAQ 100 (7,157)                 | -3.27% | 12.80%  | 19.15%  | 32.99% | 18.61%  |
| S&P 500 Growth                     | -3.90% | 10.43%  | 15.93%  | 27.43% | 14.92%  |
| S&P 500 Value                      | -4.26% | -0.59%  | 4.82%   | 15.35% | 9.58%   |
| S&P MidCap 400 Growth              | -5.07% | -0.08%  | 5.12%   | 19.91% | 10.10%  |
| S&P MidCap 400 Value               | -4.71% | -0.72%  | 3.65%   | 12.30% | 9.40%   |
| S&P SmallCap 600 Growth            | -5.85% | 7.26%   | 10.56%  | 14.71% | 11.74%  |
| S&P SmallCap 600 Value             | -3.28% | -2.68%  | 0.85%   | 11.43% | 6.72%   |
| MSCI EAFE                          | -3.93% | -7.52%  | -4.70%  | 25.03% | 2.98%   |
| MSCI World (ex US)                 | -3.51% | -9.06%  | -6.15%  | 27.19% | 2.56%   |
| MSCI World                         | -4.06% | -0.34%  | 3.90%   | 22.40% | 7.85%   |
| MSCI Emerging Markets              | -2.03% | -13.61% | -10.51% | 37.28% | 1.51%   |
| S&P GSCI                           | -2.61% | 10.79%  | 22.37%  | 5.77%  | -10.36% |

Source: Bloomberg. Returns are total returns. 5-yr. return is an average annual. One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 10/12/18. An index cannot be purchased directly by investors. Past performance is no guarantee of future results.

S&P Sector Performance

| Index                  | Week   | YTD    | 12-mo. | 2017   | 5-yr.  |
|------------------------|--------|--------|--------|--------|--------|
| Communication Services | -2.84% | -4.26% | 3.24%  | -1.25% | 5.08%  |
| Consumer Discretionary | -3.52% | 11.29% | 21.32% | 22.98% | 14.12% |
| Consumer Staples       | -1.92% | -6.04% | -1.04% | 13.49% | 8.17%  |
| Energy                 | -5.38% | 3.58%  | 10.22% | -1.01% | 0.27%  |
| Financials             | -5.56% | -3.97% | 3.10%  | 22.14% | 12.00% |
| Health Care            | -3.45% | 11.71% | 12.13% | 22.08% | 14.07% |
| Industrials            | -6.40% | -1.12% | 3.25%  | 21.01% | 11.30% |
| Information Technology | -3.82% | 13.46% | 20.84% | 38.83% | 20.61% |
| Materials              | -6.58% | -9.60% | -5.44% | 23.84% | 6.92%  |
| Real Estate            | -2.88% | -3.93% | -2.90% | 10.85% | 5.93%  |
| Utilities              | -1.26% | 3.30%  | 0.66%  | 12.11% | 10.72% |

Source: Bloomberg. Returns are total returns. 5-yr. return is an average annual. One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 10/12/18. An index cannot be purchased directly by investors. Past performance is no guarantee of future results.

Bond Index Performance

| Index                           | Week   | YTD    | 12-mo. | 2017  | 5-yr. |
|---------------------------------|--------|--------|--------|-------|-------|
| U.S. Treasury: Intermediate     | 0.34%  | -0.91% | -1.32% | 1.14% | 0.93% |
| GNMA 30 Year                    | 0.40%  | -1.51% | -1.59% | 1.87% | 1.77% |
| U.S. Aggregate                  | 0.44%  | -2.10% | -1.83% | 3.54% | 2.06% |
| U.S. Corporate High Yield       | -0.46% | 1.65%  | 1.93%  | 7.51% | 5.18% |
| U.S. Corporate Investment Grade | 0.36%  | -3.02% | -2.15% | 6.42% | 3.34% |
| Municipal Bond: Long Bond (22+) | -0.42% | -2.48% | -0.82% | 8.19% | 5.30% |
| Global Aggregate                | 0.60%  | -2.81% | -1.87% | 7.40% | 0.66% |

Source: Bloomberg Barclays. Returns are total returns. 5-yr. return is an average annual. One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 10/12/18. An index cannot be purchased directly by investors. Past performance is no guarantee of future results.

Key Rates

|                     |            |                          |       |
|---------------------|------------|--------------------------|-------|
| Fed Funds           | 2.00-2.25% | 2-yr T-Note              | 2.85% |
| LIBOR (1-month)     | 2.29%      | 5-yr T-Note              | 3.02% |
| CPI - Headline      | 2.30%      | 10-yr T-Note             | 3.16% |
| CPI - Core          | 2.20%      | 30-yr T-Bond             | 3.34% |
| Money Market Accts. | 1.21%      | 30-yr Mortgage Refinance | 4.75% |
| 1-yr CD             | 2.57%      | Prime Rate               | 5.25% |
| 3-yr CD             | 2.68%      | Bond Buyer 40            | 4.27% |
| 5-yr CD             | 2.88%      |                          |       |

Sources: Bankrate.com, Federal Reserve Bank NY, & US Bureau of Labor Statistics. All data as of 10/12/18.

Market Indicators

|                                      |         |
|--------------------------------------|---------|
| TED Spread                           | 17 bps  |
| Investment Grade Spread (A2)         | 134 bps |
| ML High Yield Master II Index Spread | 354 bps |

Source: Bloomberg as of 10/12/18.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 10/3/18

|                 | Current Week     | Previous         |
|-----------------|------------------|------------------|
| Domestic Equity | -\$9.870 Billion | -\$4.203 Billion |
| Foreign Equity  | -\$965 Million   | -\$2.762 Billion |
| Taxable Bond    | \$4.518 Billion  | \$3.269 Billion  |
| Municipal Bond  | -\$202 Million   | -\$268 Million   |

Change in Money Market Fund Assets for the Week Ended 10/10/18

|               | Current Week    | Previous         |
|---------------|-----------------|------------------|
| Retail        | \$4.55 Billion  | \$8.20 Billion   |
| Institutional | \$11.55 Billion | -\$19.89 Billion |

Source: Investment Company Institute.

Factoids for the week of October 8, 2018

Monday, October 8, 2018

The National Retail Federation (NRF) announced on 10/3/18 that it expects 2018 holiday sales (November and December), excluding autos, gasoline and restaurant sales, to increase between 4.3% and 4.8% year-over-year for a total of \$717.45 billion to \$720.89 billion, according to its own release. In 2017, holiday sales rose 5.3% year-over-year to \$687.87 billion. The NRF noted that the average rate of increase over the past five years was 3.9%.

Tuesday, October 9, 2018

Global mergers and acquisitions (M&A) activity totaled \$783 billion (U.S. accounted for \$368 billion) in Q3'18, down 35% from Q2'18, according to Thomson Reuters. The escalating trade dispute between the U.S. and China reportedly contributed to the decline in deal activity. Despite the slowdown in Q3'18, global M&A volume this year has totaled \$3.2 trillion, a record high for the first nine months of a calendar year, according to Thomson Reuters. A new survey from Ernst & Young LLP found that 46% of executives intend to purchase another company in the next 12 months, down from 56% in last year's survey, according to Bloomberg.

Wednesday, October 10, 2018

International Data Corporation's (IDC) *Worldwide Semiannual Security Spending Guide* reported that spending on security-related hardware, software and services is expected to reach \$133.7 billion in 2022, according to its own release. IDC sees a compound annual growth rate of 9.9% over its 2017-2022 forecast period. Worldwide spending on security products and services is expected to total \$92.1 billion in 2018. Demand for products and services will be driven by ever-changing security threats, regulatory compliance, fear of data breaches and large-scale cyber-attacks.

Thursday, October 11, 2018

Moody's reported that its global speculative-grade default rate stood at 2.6% in September, according to its own release. It sees the rate declining to 1.8% in September 2019. Moody's puts the historical average default rate at around 4.2% since 1983. The U.S. speculative-grade default rate stood at 3.1% in September. There were 56 defaults registered in the first nine months of 2018, down from 71 at this point a year ago. The default rate on senior loans stood at 1.59% in September, according to S&P Global Market Intelligence.

Friday, October 12, 2018

The Social Security Administration announced that the cost-of-living adjustment (COLA) for 2019 will be 2.8%, the biggest boost to benefits since 2012, according to CNBC. For those individuals collecting the average Social Security benefit of around \$1,400, the 2.8% bump will amount to about \$39 per month. From 2008 through 2018, the average increase was 1.7%. The COLA adjustment was zero in 2010, 2011 and 2016.

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