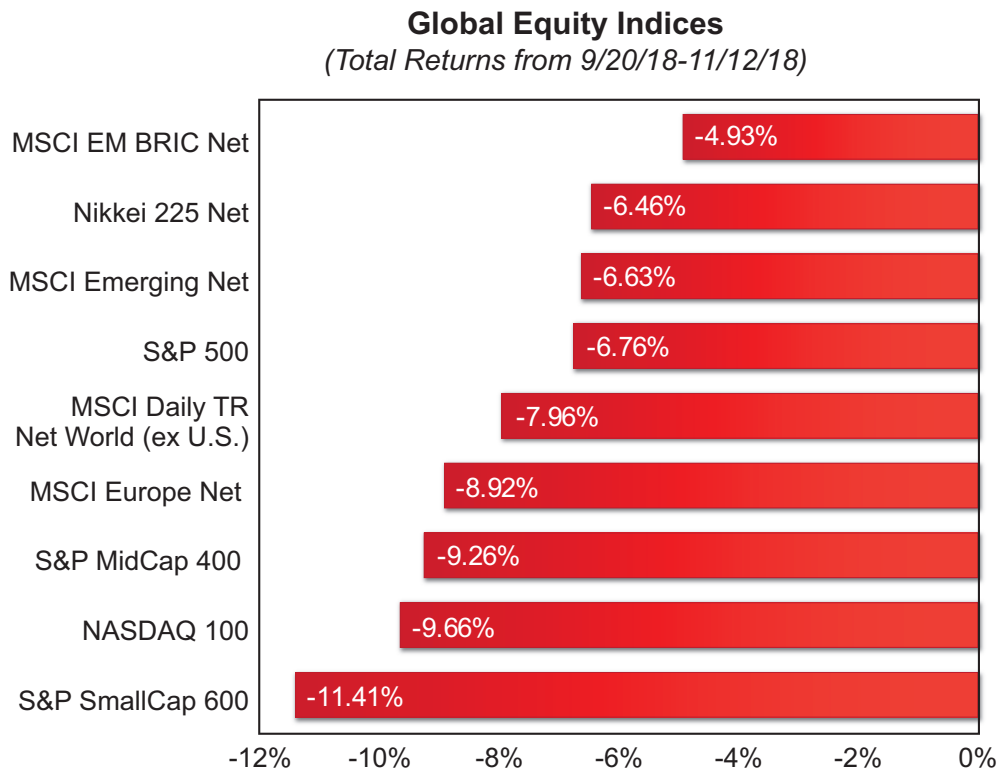


How Stocks Have Fared Since 9/20/18



View from the Observation Deck

1. Today's blog post shows how some major global stock indices have performed since the S&P 500 Index posted its all-time closing high on 9/20/18.
2. From 9/20/18 through 11/12/18, the U.S. dollar rose by 3.87%, as measured by the U.S. Dollar Index (DXY), according to Bloomberg.
3. The dollar's gains are likely a result of a flight to quality due to the ongoing trade tensions between the U.S. and China, in our opinion. Some pundits are concerned a prolonged battle could negatively impact global growth. A new trade pact would likely boost the prospects for domestic and foreign equities.
4. While it appears that the foreign stock indices have held up better than most of the U.S. stock indices during the sell-off, consider the fact that the U.S. stock indices had significantly outperformed the foreign stock indices on a year-to-date basis.
5. From 12/29/17 through 9/20/18, the NASDAQ 100, S&P SmallCap 600, S&P 500 and S&P MidCap 400 Indices were up 19.25%, 16.41%, 11.16% and 8.80%, respectively, on a total return basis, according to Bloomberg.
6. Over the same period, the Nikkei 225 Net, MSCI Daily TR Net World (ex U.S.), MSCI Europe Net, MSCI Emerging Net and MSCI EM BRIC Net posted total returns of 4.98%, -1.21%, -1.59%, -8.72% and -9.31%, respectively, according to Bloomberg.
7. Brian Wesbury, Chief Economist at First Trust Advisors L.P., is forecasting 3%+ average growth for the U.S. economy in 2018 and 2019. With no recession on the horizon until 2020 or later, we believe that investors should consider the recent sell-off as a potential buying opportunity.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The NASDAQ 100 Index includes 100 of the largest domestic and non-financial companies listed on The NASDAQ Stock Market based on market capitalization. The S&P SmallCap 600 Index is a capitalization-weighted index that tracks U.S. stocks with a small market capitalization. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks (currently 505) used to measure large-cap U.S. stock market performance. The S&P MidCap 400 Index is a capitalization-weighted index that tracks the mid-range sector of the U.S. stock market. The MSCI EM BRIC Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of Brazil, Russia, India and China. The MSCI Europe Index is a free-float weighted index designed to measure the equity market performance of the developed market countries in Europe. The Nikkei 225 Index is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. The MSCI World (ex U.S.) Index is a free-float weighted index designed to measure the equity market performance of developed market countries, excluding the U.S. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging market countries.

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