

Open-End Net Fund Flows (\$)	3/18	2/18	YTD (Mar)
Equity	0.09B	-8.37B	-15.36B
Taxable Bond	10.12B	1.21B	48.31B
Municipal Bond	1.49B	-1.09B	10.49B
Hybrid	-2.31B	-3.86B	-7.14B
Taxable Money Market	-49.18B	43.54B	-62.63B

Key Interest Rates	4/30/18	12/29/17	4/28/17
Federal Funds Target Rate	1.75%	1.50%	1.00%
ICE LIBOR (3-Month)	2.36%	1.69%	1.17%
2-Year T-Note	2.49%	1.89%	1.26%
10-Year T-Note	2.95%	2.41%	2.28%
Bond Buyer 40	4.05%	3.87%	4.21%

Commodities/U.S. Dollar	4/18	YTD	12 Mo.
U.S. Dollar Index (DXY)	1.87%	-0.30%	-7.28%
TR/CC CRB Commodity Index	3.39%	4.19%	11.14%
Crude Oil (Barrel)	5.59%	13.49%	39.00%
Natural Gas (per million BTUs)	1.10%	-6.44%	-15.85%
Gold Bullion (Ounce)	-0.27%	0.76%	4.01%

Total Return Performance

U.S. Stock Indices	4/18	YTD	12 Mo.
S&P 500	0.38%	-0.38%	13.26%
DJIA	0.34%	-1.63%	18.09%
NASDAQ 100	0.41%	3.58%	19.59%
S&P 400	-0.26%	-1.03%	9.75%
Russell 2000	0.86%	0.79%	11.53%
Russell 3000	0.38%	-0.27%	13.04%

U.S. Styles/Market Caps	4/18	YTD	12 Mo.
S&P 500 Growth	0.28%	2.21%	17.71%
S&P 500 Value	0.50%	-3.09%	8.30%
S&P MidCap 400 Growth	-1.11%	0.22%	12.52%
S&P MidCap 400 Value	0.65%	-2.37%	6.82%
Russell 2000 Growth	0.10%	2.38%	16.57%
Russell 2000 Value	1.73%	-0.92%	6.56%

Foreign Stock Indices (USD)	4/18	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	2.46%	0.21%	14.11%
MSCI Emerging Markets NET	-0.31%	0.97%	21.71%
MSCI Europe NET	2.77%	0.73%	13.65%
MSCI BRIC NET	-0.50%	1.73%	26.88%
MSCI EM Latin America NET	-1.27%	6.65%	17.78%
Nikkei 225	3.59%	2.70%	21.80%

Barclays Bond Indices	4/18	YTD	12 Mo.
U.S. Treasury: Intermediate	-0.58%	-1.32%	-1.26%
GNMA 30 Year	-0.41%	-1.69%	-0.60%
Municipal Bond (22+)	-0.64%	-2.19%	3.25%
U.S. Aggregate	-0.74%	-2.19%	-0.32%
Intermediate Corporate	-0.45%	-1.94%	-0.09%
U.S. Corporate High Yield	0.65%	-0.21%	3.26%
Global Aggregate	-1.60%	-0.26%	4.09%
EM Hard Currency Aggregate	-1.11%	-2.14%	2.46%

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

The current U.S. economic expansion will begin its 107th month on 5/1/18, ranking it the second-longest ever, according to Bespoke Investment Group. The longest expansion lasted 120 months (3/91-3/01). Since the end of World War II, the average U.S. economic expansion has lasted 64.6 months. The economic expansion looks like it is finally extending to the commodities market. Goldman Sachs is telling its investors that it is safe to invest in commodities again, according to Bloomberg. Goldman notes that commodities are the best performing asset class so far this year and it believes the weak returns posted over the past decade are behind us. YTD through 4/30/18, the S&P GSCI Index Spot CME posted a total return of 7.53%, compared to -0.38% for the S&P 500 Index, according to Bloomberg. For the 10-year period ended 12/29/17, the S&P 500 Index posted a cumulative total return of 126.03%, compared to -27.49% for the S&P GSCI Index Spot CME. The 2018 rally in commodity prices has not been dollar-driven, in our opinion. The U.S. Dollar Index (DXY) was down just 0.30% over the first four months of this year.

Stock Market

The S&P 500 Index (the "index") closed at 2,648.05 on 4/30/18, 7.83% below its all-time high of 2,872.87, set on 1/26/18, according to Bloomberg. The index posted a total return of 0.38% in April. Six of the 11 major sectors that comprise the index were up on a total return basis. The top-performer was Energy, up 9.36%, while the worst showing came from Consumer Staples, down 4.32%. YTD through 4/30/18, the index posted a total return of -0.38%. Only three of 11 sectors were up on a total return basis. The top-performer was Consumer Discretionary, up 5.51%, while the worst showing came from Consumer Staples, down 11.13%. The following percentages reflect where the average stock price stood in each of the 11 major S&P 500 sectors relative to their respective 52-week highs as of 4/30/18: -11.16% (Financials); -11.32% (Energy); -12.02% (Utilities); -12.50% (Information Technology); -13.81% (Materials); -14.05% (Real Estate); -15.34% (Industrials); -15.50% (Health Care); -16.50% (Consumer Staples); -16.57% (Consumer Discretionary); and -20.14% (Telecommunication Services), according to Bloomberg. The recent correction (price decline of 10% or more) in the index from its 1/26/18 all-time high has created a potential buying opportunity, in our opinion. Companies continue to boost dividend payments to shareholders. S&P Dow Jones Indices announced in April that total dividend distributions for U.S. common stocks increased by a net (increases less decreases) \$18.8 billion in Q1'18, up from the \$10.9 billion increase in Q1'17, according to its own release. For the 12-month period ended 3/29/18, net dividend increases totaled \$45.1 billion, up from the \$33.0 billion increase for the 12-month period ended 3/31/17. The outlook for corporate earnings is upbeat. As of 4/30/18, Bloomberg's 2018 consensus earnings growth rate estimate for the S&P 500 Index was 17.54%.

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) rose 21 basis points (bps) in April to close at 2.95% on 4/30/18, according to Bloomberg. The yield stood 40 bps higher than its average of 2.55% for the 10-year period ended 4/30/18. It did manage to inch above the 3.00% mark, closing at 3.03% on 4/25/18. The last time it topped 3.00% was on 12/31/13, when it also closed at 3.03%, according to Bloomberg. As indicated in the table featuring open-end fund flows, retail investors continued to favor fixed-income over equities in Q1'18. A combined net \$58.80 billion flowed into taxable and municipal bond funds, compared to net outflows totaling \$15.36 billion from equity funds, according to the Investment Company Institute. From 2009 through 2017, net inflows to bond funds totaled \$1.34 trillion, while equity funds endured net outflows totaling \$615.12. We believe that the Federal Reserve will execute four rate hikes in 2018. It will be interesting to see how retail investors respond to rising interest rates moving forward, particularly if the economy strengthens and the yield on the 10-year T-note moves above the 3.00% mark and doesn't look back.

Takeaway

Investors appear to be cautious on equities despite strong corporate earnings in Q1'18. We believe that investors may be waiting for guidance on some unresolved issues, including the direction of tariffs, trade agreements and whether or not the U.S. will continue to honor the Iran nuclear deal reached in July 2015. Keep in mind that we have yet to see the full potential stimulus benefits from the recent tax cuts in the economy and the markets. Stay tuned!

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	2872.87	1/26/2018	676.53	3/9/2009	2648.05	-7.83%	-0.38%	1.96%
S&P 500 Growth	1667.73	1/26/2018	363.99	3/9/2009	1560.93	-6.40%	2.21%	1.35%
S&P 500 Value	1195.51	1/26/2018	307.16	3/9/2009	1083.76	-9.35%	-3.09%	2.64%
S&P MidCap 400	1995.23	1/26/2018	404.62	3/9/2009	1872.45	-6.15%	-1.03%	1.61%
S&P MidCap 400 Growth	933.56	1/26/2018	174.44	11/20/2008	875.38	-6.23%	0.22%	1.16%
S&P MidCap 400 Value	662.48	1/23/2018	144.98	3/9/2009	621.56	-6.18%	-2.37%	2.09%
S&P 100	1273.99	1/26/2018	322.13	3/9/2009	1160.73	-8.89%	-1.26%	2.09%
DJIA	26616.71	1/26/2018	6547.05	3/9/2009	24163.15	-9.22%	-1.63%	2.21%
NASDAQ 100	7131.12	3/12/2018	1036.51	11/20/2008	6605.57	-7.37%	3.58%	1.05%
Russell 2000	1610.71	1/23/2018	343.26	3/9/2009	1541.88	-4.27%	0.79%	1.32%
Russell 2000 Growth	1016.18	3/12/2018	190.73	3/9/2009	967.43	-4.80%	2.38%	0.70%
Russell 2000 Value	1960.40	1/23/2018	469.32	3/9/2009	1855.30	-5.36%	-0.92%	2.01%
Russell 3000	1694.23	1/26/2018	389.61	3/9/2009	1569.91	-7.34%	-0.27%	1.87%
MSCI World Net (ex U.S.) (USD)	6487.64	1/25/2018	2131.84	3/9/2009	6118.38	-5.69%	0.21%	3.11%
MSCI Emerging Markets Net (USD)	573.23	1/26/2018	164.51	10/27/2008	526.51	-8.15%	0.97%	2.40%
Ibovespa/Brazil (USD)	44638.24	5/19/2008	9077.09	1/21/2016	24740.15	-44.58%	7.11%	2.72%
RTS/Russia (USD)	2487.92	5/19/2008	498.20	1/23/2009	1153.96	-53.62%	0.02%	4.73%
S&P BSE 500/India (USD)	245.12	1/24/2018	57.52	3/9/2009	225.81	-7.88%	-3.58%	1.11%
Shanghai Composite/China (USD)	832.07	6/12/2015	249.66	11/4/2008	486.35	-41.55%	-4.28%	1.98%
KOSPI/South Korea (USD)	2.42	1/29/2018	0.63	11/20/2008	2.35	-2.99%	2.23%	1.73%
Hang Seng (USD)	4241.01	1/26/2018	1420.72	10/27/2008	3925.39	-7.44%	3.00%	3.38%
MSCI Euro (USD)	1841.89	5/19/2008	682.47	3/9/2009	1460.94	-20.68%	3.20%	3.12%
S&P 500 Consumer Discretionary	868.00	1/26/2018	125.72	3/9/2009	825.31	-4.92%	5.51%	1.30%
S&P 500 Consumer Staples	605.24	1/26/2018	199.80	3/9/2009	517.25	-14.54%	-11.13%	3.23%
S&P 500 Energy	737.09	6/23/2014	304.81	3/5/2009	544.56	-26.12%	2.92%	3.23%
S&P 500 Utilities	287.82	11/14/2017	113.81	3/9/2009	261.39	-9.18%	-1.27%	3.58%
S&P 500 Financials	501.29	1/26/2018	81.74	3/6/2009	455.35	-9.16%	-1.32%	1.73%
S&P 500 Banks	372.05	2/1/2018	49.02	3/5/2009	333.14	-10.46%	-1.71%	2.01%
FTSE NAREIT All Equity REITs	725.61	8/1/2016	163.57	3/6/2009	633.24	-12.73%	-6.18%	4.21%
S&P 500 Health Care	1059.33	1/26/2018	252.84	3/5/2009	951.27	-10.20%	-0.02%	1.66%
S&P 500 Pharmaceuticals	675.68	1/26/2018	214.50	3/3/2009	604.87	-10.48%	-3.83%	2.74%
NYSE Arca Biotechnology	4939.86	1/29/2018	541.77	3/9/2009	4474.83	-9.41%	6.04%	0.28%
S&P 500 Information Technology	1233.97	3/12/2018	198.51	11/20/2008	1141.98	-7.46%	3.62%	1.21%
Philadelphia Semiconductor	1445.90	3/12/2018	171.32	11/20/2008	1244.40	-13.94%	-0.29%	1.66%
S&P 500 Telecom Services	183.85	7/1/2016	88.10	3/9/2009	148.24	-19.37%	-8.39%	5.67%
S&P 500 Industrials	678.74	1/26/2018	132.83	3/9/2009	607.17	-10.54%	-4.31%	2.05%
S&P 500 Materials	401.59	1/26/2018	108.33	3/2/2009	356.71	-11.17%	-5.37%	2.02%
Philadelphia Gold & Silver	228.95	4/8/2011	38.84	1/19/2016	81.15	-64.56%	-4.54%	0.76%
TR/CC CRB Commodity	473.52	7/2/2008	155.01	2/11/2016	201.98	-57.34%	4.19%	N/A
ICE BofA ML Perpetual Preferred	257.56	12/7/2017	51.79	3/9/2009	252.19	-2.08%	-1.73%	5.81%
ICE BofA ML U.S. High Yield Constrained	421.57	1/26/2018	130.37	12/12/2008	416.60	-1.18%	-0.24%	6.51%

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