

Open-End Net Fund Flows (\$)	1/19	12/19	YTD (Jan)
Equity	-39.23B	-60.14B	-39.23B
Taxable Bond	45.28B	27.60B	45.28B
Municipal Bond	11.88B	8.99B	11.88B
Hybrid	-1.01B	-4.92B	-1.01B
Taxable Money Market	-19.68B	64.53B	-19.68B

Key Interest Rates	2/28/20	12/31/19	2/28/19
Federal Funds Target Rate	1.75%	1.75%	2.50%
ICE LIBOR (3-Month)	1.46%	1.91%	2.62%
2-Year T-Note	0.92%	1.57%	2.52%
10-Year T-Note	1.15%	1.92%	2.72%
Bond Buyer 40	3.38%	3.63%	4.04%

Commodities/U.S. Dollar	2/20	YTD	12 Mo.
U.S. Dollar Index (DXY)	0.76%	1.81%	2.05%
TR/CC CRB Commodity Index	-6.38%	-14.18%	-12.75%
Crude Oil/WTI (per Barrel)	-13.19%	-26.70%	-21.78%
Natural Gas (per million BTUs)	-8.70%	-23.29%	-40.21%
Gold Bullion (Ounce)	-1.02%	2.86%	19.04%

## Total Return Performance

U.S. Stock Indices	2/20	YTD	12 Mo.
S&P 500	-8.27%	-8.27%	8.18%
DJIA	-10.55%	-10.55%	0.44%
NASDAQ 100	-2.94%	-2.94%	20.46%
S&P MidCap 400	-11.86%	-11.86%	-3.42%
Russell 2000	-11.36%	-11.36%	-4.95%
Russell 3000	-8.29%	-8.29%	6.89%

U.S. Styles/Market Caps	2/20	YTD	12 Mo.
S&P 500 Growth	-5.05%	-5.05%	11.26%
S&P 500 Value	-11.90%	-11.90%	4.69%
S&P MidCap 400 Growth	-9.56%	-9.56%	-0.04%
S&P MidCap 400 Value	-14.34%	-14.34%	-7.02%
Russell 2000 Growth	-8.25%	-8.25%	-0.75%
Russell 2000 Value	-14.60%	-14.60%	-9.32%

Foreign Stock Indices (USD)	2/20	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	-10.64%	-10.64%	-0.39%
MSCI Emerging Markets NET	-9.69%	-9.69%	-1.88%
MSCI Europe NET	-11.56%	-11.56%	-0.64%
MSCI BRIC NET	-7.65%	-7.65%	1.99%
MSCI EM Latin America NET	-16.99%	-16.99%	-11.89%
Nikkei 225	-9.95%	-9.95%	3.94%

Bloomberg Barclays Bond Ind.	2/20	YTD	12 Mo.
U.S. Treasury: Intermediate	1.66%	3.11%	8.11%
GNMA 30 Year	0.91%	1.39%	6.53%
Municipal Bond (22+)	2.15%	4.63%	14.00%
U.S. Aggregate	1.80%	3.76%	11.68%
Intermediate Corporate	0.99%	2.46%	10.46%
U.S. Corporate High Yield	-1.41%	-1.38%	6.10%
Global Aggregate	0.67%	1.96%	7.92%
EM Hard Currency Aggregate	-0.34%	0.93%	9.06%

Sources: Bloomberg, 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

Last month we mentioned that, as of 2/3/20, the coronavirus (COVID-19) had tallied more than 20,000 cases worldwide and over 400 deaths, according to Bloomberg. A month later, as of late morning on 3/2/20, the number of confirmed cases stood at approximately 90,000 worldwide (91 in the U.S.). The good news is that nearly 45,400 of the 90,000 individuals had recovered from the virus, according to NPR. There have been over 3,000 deaths to date. Investors should expect these numbers to trend higher for the foreseeable future. The World Health Organization announced on 2/11/20 that it hopes to have a vaccine for this virus within 18 months, but until then, countries will need to work with the medicines/treatments they already have, according to Fox News. The arrival of the coronavirus helped create a short-term perfect storm for equities, in our opinion. A combination of the major stock indices trading at or near their respective all-time highs, the fact that the current bull market is poised to celebrate its 11<sup>th</sup> anniversary on 3/9/20, a tempering of global growth due to the ongoing trade/tariff conflict between the U.S. and China and the realization that China (where COVID-19 began) is very integral to the modern global supply chain (manufacturing) proved too much for some investors to bear.

## Stock Market

The S&P 500 Index ("index") closed at 2,954.22 on 2/28/20, 12.76% below its all-time closing high of 3,386.15 on 2/19/20, according to Bloomberg. That put the index in correction territory. A correction entails a price decline of 10.00% to 19.99% from the recent high. Data from Deutsche Bank indicates that the U.S. stock market has endured 27 corrections since World War II with an average S&P 500 Index price decline of 13.7%, according to CNBC. This ranks as the fastest correction on record. The average correction lasts approximately four months and the recovery period is around four months. The S&P 500 Index posted a total return of -8.23% in February. All 11 major sectors that comprise the index were down on a total return basis. The top-performers were Communication Services and Real Estate, each down 6.34%, while the worst showing came from Energy, down 14.56%. The S&P 500 Index posted a total return of -8.27% year-to-date through 2/28/20. All 11 major sectors were down on a total return basis. The top-performer was Information Technology, down 3.61%, while the worst showing came from Energy, down 24.01%. Corporate earnings have been adjusted up as well as down since the start of the year. As of 12/30/19, Bloomberg's 2020 and 2021 consensus earnings estimates for the S&P 500 Index stood at 9.02% and 10.72%, respectively. As of 2/28/20, those same two estimates were 7.36% and 11.44%, respectively. The tempering of global economic growth expectations due in part to the coronavirus appears to have brought down earnings estimates for 2020, but raised them for 2021. This indicates that analysts believe the drop in earnings in 2020 could be made up in 2021.

## Bond Market

The yield on the benchmark 10-year Treasury note (T-note) closed trading on 2/28/20 at an all-time low of 1.15%, down 36 basis points (bps) from its 1.51% close on 1/31/20, according to Bloomberg. The yield stood 121 bps below its 2.36% average for the 10-year period ended 2/28/20. It appears that the sharp sell-off in stocks in February carried over to the riskiest areas of the bond market. While all of the investment-grade bond categories performed well (risk-off options for investors), both U.S. high yield corporate and emerging market bonds posted negative total returns (see Bloomberg Barclays Bond Indices). One of the areas under pressure in the high yield corporate bond space is Energy. Bloomberg recently reported that a lot of "junk-rated" oil producers will be hurting if the price of crude oil drops to the \$45 per barrel mark. The price of WTI crude oil plunged from \$61.06 per barrel at the close of trading on 12/31/19 to \$44.76 on 2/28/20, according to Bloomberg.

## Takeaway

Since the end of 2008, the Federal Reserve ("Fed") has maintained a highly accommodative monetary policy designed to incentivize businesses and individuals to assume more risk. We offer the following as an example of how risk-taking has paid off since the Fed adopted its stance: From 3/9/09-2/28/20 (current bull market), the S&P 500 Index posted a cumulative total return of 449%, compared to 60% for the ICE BofA 7-10 Year U.S. Treasury Index, according to Bloomberg. While these two indices are clearly positioned at opposite ends of the risk spectrum, the disparity in returns is noteworthy, in our opinion.

Data as of 2/28/20

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	3386.15	2/19/2020	1022.58	7/2/2010	2954.22	-12.76%	-8.27%	2.04%
S&P 500 Growth	2120.38	2/19/2020	528.55	7/2/2010	1850.19	-12.74%	-5.05%	1.32%
S&P 500 Value	1301.02	1/17/2020	486.55	7/2/2010	1127.77	-13.32%	-11.90%	2.92%
S&P MidCap 400	2106.12	2/20/2020	700.16	7/6/2010	1814.00	-13.87%	-11.86%	1.97%
S&P MidCap 400 Growth	1004.45	2/20/2020	306.64	7/6/2010	872.29	-13.16%	-9.56%	1.18%
S&P MidCap 400 Value	692.20	1/16/2020	251.27	7/6/2010	583.65	-15.68%	-14.34%	2.86%
S&P 100	1518.94	2/19/2020	463.84	7/2/2010	1324.43	-12.81%	-7.83%	2.06%
DJIA	29551.42	2/12/2020	9686.48	7/2/2010	25409.36	-14.02%	-10.55%	2.56%
NASDAQ 100	9718.73	2/19/2020	1728.34	7/2/2010	8461.84	-12.93%	-2.94%	1.02%
Russell 2000	1740.75	8/31/2018	590.03	7/6/2010	1476.43	-15.18%	-11.36%	1.63%
Russell 2000 Growth	1142.13	2/19/2020	324.00	7/6/2010	996.95	-12.71%	-8.25%	0.79%
Russell 2000 Value	2049.42	8/22/2018	804.33	10/3/2011	1641.07	-19.92%	-14.60%	2.57%
Russell 3000	1984.26	2/19/2020	602.36	7/2/2010	1730.31	-12.80%	-8.29%	1.97%
MSCI World Net (ex U.S.) (USD)	6499.50	1/17/2020	3249.15	5/25/2010	5741.26	-11.67%	-10.64%	3.60%
MSCI Emerging Markets Net (USD)	573.23	1/26/2018	296.24	1/21/2016	476.44	-16.88%	-9.69%	2.87%
Ibovespa/Brazil (USD)	43619.40	4/8/2011	9077.09	1/21/2016	23157.48	-46.91%	-19.29%	3.44%
RTS/Russia (USD)	2123.56	4/8/2011	628.41	1/20/2016	1299.69	-38.80%	-15.84%	7.31%
S&P BSE 500/India (USD)	245.12	1/24/2018	95.89	9/3/2013	201.85	-17.65%	-8.11%	1.27%
Shanghai Composite/China (USD)	832.07	6/12/2015	314.68	12/3/2012	411.94	-50.49%	-5.96%	2.31%
KOSPI/South Korea (USD)	2.42	1/29/2018	1.24	5/25/2010	1.65	-31.99%	-13.22%	2.15%
Hang Seng (USD)	4241.01	1/26/2018	2087.46	10/4/2011	3352.53	-20.95%	-7.08%	3.79%
MSCI Euro (USD)	1544.35	1/26/2018	814.62	6/1/2012	1231.42	-20.26%	-11.70%	3.70%
S&P 500 Consumer Discretionary	1048.28	2/19/2020	228.84	7/6/2010	915.77	-12.64%	-6.97%	1.39%
S&P 500 Consumer Staples	665.35	2/14/2020	262.40	7/2/2010	595.21	-10.54%	-7.77%	2.93%
S&P 500 Energy	737.09	6/23/2014	339.30	2/27/2020	343.53	-53.39%	-24.01%	5.18%
S&P 500 Utilities	359.13	2/18/2020	141.65	6/1/2010	313.85	-12.61%	-3.89%	3.23%
S&P 500 Financials	516.21	1/2/2020	151.85	10/3/2011	440.70	-14.63%	-13.51%	2.35%
S&P 500 Banks	383.30	1/2/2020	105.73	8/22/2011	306.13	-20.13%	-19.05%	3.23%
FTSE NAREIT All Equity REITs	835.20	2/14/2020	342.95	7/6/2010	731.50	-12.42%	-5.85%	3.83%
S&P 500 Health Care	1219.65	1/22/2020	324.13	7/1/2010	1075.66	-11.81%	-9.20%	1.84%
S&P 500 Pharmaceuticals	768.14	1/21/2020	268.30	6/4/2010	676.51	-11.93%	-8.91%	2.81%
NYSE Arca Biotechnology	5400.34	9/27/2018	995.18	7/6/2010	4889.69	-9.46%	-3.48%	0.31%
S&P 500 Information Technology	1801.61	2/19/2020	328.07	7/2/2010	1549.24	-14.01%	-3.61%	1.43%
Philadelphia Semiconductor	1979.50	2/19/2020	307.49	8/31/2010	1705.54	-13.84%	-7.59%	1.71%
S&P 500 Telecom Services	192.97	2/19/2020	100.96	5/26/2010	171.25	-11.26%	-5.48%	1.33%
S&P 500 Industrials	718.21	2/12/2020	234.50	7/2/2010	618.39	-13.90%	-9.73%	2.23%
S&P 500 Materials	401.59	1/26/2018	170.73	7/2/2010	330.67	-17.66%	-14.05%	2.45%
Philadelphia Gold & Silver	228.95	4/8/2011	38.84	1/19/2016	94.15	-58.88%	-11.85%	0.97%
TR/CC CRB Commodity	370.56	4/29/2011	155.01	2/11/2016	159.45	-56.97%	-14.18%	N/A
ICE BofA Perpetual Preferred	293.45	2/17/2020	132.55	5/6/2010	283.54	-3.38%	-1.53%	5.04%
ICE BofA U.S. High Yield Constrained	472.87	2/20/2020	230.73	2/28/2010	459.64	-2.80%	-1.58%	6.48%

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