First Trust

Market Watch

Week of October 27th

Stock Index Performance

Index	Week	YTD	12-mo.	2013	5-yr.
Dow Jones Industrial Avg. (16,805)	2.62%	3.26%	10.89%	29.65%	13.90%
S&P 500 (1,965)	4.14%	8.03%	14.45%	32.38%	15.09%
NASDAQ 100 (4,042)	5.95%	13.65%	21.83%	36.94%	19.59%
S&P 500 Growth	4.72%	9.36%	16.37%	32.75%	15.83%
S&P 500 Value	3.49%	6.57%	12.36%	31.97%	14.35%
S&P MidCap 400 Growth	4.22%	1.68%	6.49%	32.68%	16.01%
S&P MidCap 400 Value	4.14%	5.89%	9.96%	34.25%	16.18%
S&P SmallCap 600 Growth	3.35%	-3.71%	0.89%	42.68%	16.90%
S&P SmallCap 600 Value	3.44%	-0.46%	4.47%	39.98%	16.32%
MSCI EAFE	2.39%	-4.94%	-3.70%	22.78%	5.22%
MSCI World (ex US)	2.05%	-3.22%	-2.77%	15.29%	4.65%
MSCI World	3.39%	2.09%	5.78%	26.68%	9.94%
MSCI Emerging Markets	0.79%	0.38%	-2.17%	-2.60%	2.79%

Source: Bloomberg. Returns are total returns. The ***5-yr. return is an average annual.*** One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 10/24/14.

S&P Sector Performance

Index	Week	YTD	12-mo.	2013	5-yr.
Consumer Discretionary	3.79%	0.38%	7.22%	43.08%	20.68%
Consumer Staples	2.84%	9.17%	12.69%	26.14%	15.29%
Energy	3.52%	-1.83%	2.51%	25.05%	9.62%
Financials	3.50%	7.12%	13.23%	35.59%	10.72%
Health Care	6.57%	19.01%	25.77%	41.46%	20.18%
Industrials	4.29%	3.91%	12.56%	40.64%	17.30%
Information Technology	4.68%	12.35%	22.43%	28.43%	14.90%
Materials	3.47%	5.94%	11.59%	25.60%	12.17%
Telecom Services	0.66%	5.26%	4.64%	11.47%	14.32%
Utilities	3.60%	20.57%	19.38%	13.21%	13.28%

Source: Bloomberg. Returns are total returns. The ***5-yr. return is an average annual.*** One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 10/24/14.

Bond Index Performance

Index	Week	YTD	12-mo.	2013	5-yr.
U.S. Treasury: Intermediate	-0.17%	2.61%	1.79%	-1.34%	2.87%
GNMA 30 Year	-0.03%	5.41%	4.09%	-2.17%	4.05%
U.S. Aggregate	-0.26%	5.34%	4.36%	-2.02%	4.37%
U.S. Corporate High Yield	0.95%	4.63%	6.04%	7.44%	10.36%
U.S. Corporate Investment Grade	-0.38%	7.03%	6.67%	-1.53%	6.68%
Municipal Bond: Long Bond (22+)	-0.55%	13.96%	13.31%	-6.01%	6.67%
Global Aggregate	-0.56%	2.59%	0.65%	-2.60%	2.79%

Source: Barclays Capital. Returns are total returns. The ***5-yr. return is an average annual.*** One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 10/24/14.

Key Rates

As of 10/24/14

Fed Funds	0.00-0.25%	5-yr CD	1.50%
LIBOR (1-month)	0.15%	2-yr T-Note	0.39%
CPI - Headline	1.70%	5-yr T-Note	1.50%
CPI - Core	1.70%	10-yr T-Note	2.27%
Money Market Accts.	0.48%	30-yr T-Bond	3.04%
Money Market Funds	0.01%	30-yr Mortgage	4.05%
6-mo CD	0.39%	Prime Rate	3.25%
1-yr CD	0.71%	Bond Buyer 40	4.36%

Sources: Bankrate.com, iMoneyNet.com and Bloomberg.

Market Indicators

As of 10/24/14

TED Spread	22 bps
Investment Grade Spread (A2)	146 bps
ML High Yield Master II Index Spread	438 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 10/15/14

	Current Week		Previous	
Domestic Equity	-$5.022	Billion	-$533	Million
Foreign Equity	-$775	Million	$1.604	Billion
Taxable Bond	-$5.161	Billion	-$4.623	Billion
Municipal Bond	$621	Million	$895	Million

Change in Money Market Fund Assets for the Week Ended 10/22/14

	Current Week		Previous	
Retail	$6.64	Billion	-$0.62	Billion
Institutional	$6.17	Billion	-$21.33	Billion

Source: Investment Company Institute.

Factoids for the week of October 20 - 24, 2014

Monday, October 20, 2014
Venture Capital (VC) firms invested $9.9 billion in 1,023 deals in Q3'14, the sixth consecutive quarter in which deal volume surpassed 1,000, according to the MoneyTree™ Report from PricewaterhouseCoopers LLP (PwC) and the National Venture Capital Association (NVCA). In the first nine months of 2014, VCs invested over $33.0 billion, eclipsing 2013's full-year total of $30 billion. Software companies received the highest level of funding in Q3'14 at $3.7 billion (418 deals). Media and Entertainment companies received the second highest at $1.8 billion (118 deals). Biotechnology companies were third, with $1.1 billion (110 deals).

Tuesday, October 21, 2014
Based on data from 2011, the Corporation for Enterprise Development (CFED), a non-profit that works to increase financial security for low-income families, found that many U.S. households do not have access to enough cash to handle financial crisis situations in the event of loss of income, according to MSN.com. The CFED refers to it as "liquid asset poverty." For a family of four in 2011, liquid asset poverty meant having less than $5,887 available to endure a three-month period without income. The CFED estimates that 43.5% of American households can't meet this threshold. Here are the 10 states with the highest percentage of vulnerable households: 62.7% (Alabama); 62.0% (Mississippi); 55.8% (Georgia); 55.6% (Nevada); 52.0% (Kentucky); 51.9% (Arkansas); 51.5% (North Carolina); 50.0% (Tennessee); 49.9% (Louisiana); and 49.8% (Texas).

Wednesday, October 22, 2014
The Social Security Administration announced that checks will rise by 1.7% in 2015, according to CNNMoney. The Consumer Price Index stood at 1.7% in September 2014. The average worker will receive $1,328 per month, or $15,936 a year. Seniors received a 1.5% bump this year. From 2000-2014, checks went up an average of 2.5% per year. Automatic cost-of-living adjustments (COLAs) began in 1975. The highest COLA was 14.3% in 1980, while the lowest was 0.0% in 2010 and 2011.

Thursday, October 23, 2014
The Boston Consulting Group's third annual survey of senior manufacturing executives at companies with sales of $1 billion or more found that the number of companies bringing production back from China to the U.S. rose from 13% to 16% over the past year, according to its own release. The number of respondents who said they would consider doing so in the near future rose from 20% to 24%. Respondents forecasted that the U.S. will account for an average of 47% of their total production looking out five years, up 7% from last year. Fifty percent of those polled said that they expect to boost their U.S. manufacturing workforces by 5% or more over the next five years. Manufacturers also see a payoff from investing in advanced technologies, such as 3-D printing, robotics and digital manufacturing.

Friday, October 24, 2014
RealtyTrac reported that 8.1 million U.S. residential properties were seriously underwater in Q3'14 − meaning the outstanding loan amount was at least 25% higher than the property's estimated market value – representing 15% of all U.S. properties with a mortgage, according to its own release. The total amount of negative equity was estimated to be $1.4 trillion. The silver lining in these figures is that negative equity currently stands well below peak levels. The recent peak in negative equity was reached in Q2'12, when 12.8 million properties representing 29% of all properties with a mortgage were seriously underwater.