First Trust

Market Watch

Week of June 8th

Stock Index Performance

Index	Week	YTD	12-mo.	2008	5-yr
DOW JONES 30 (8763)	3.18%	1.52%	-28.13%	-31.92%	-0.59%
S&P 500 (940)	2.33%	5.36%	-31.22%	-36.99%	-1.49%
NASDAQ 100 (1493)	4.02%	23.71%	-26.84%	-41.57%	1.01%
S&P 500/Citigroup Growth	3.28%	10.15%	-27.26%	-34.91%	-1.07%
S&P 500/Citigroup Value	1.26%	0.33%	-35.34%	-39.19%	-2.06%
S&P MidCap 400/Citigroup Growth	3.48%	15.96%	-31.89%	-37.58%	1.77%
S&P MidCap 400/Citigroup Value	3.74%	7.50%	-32.71%	-34.78%	1.22%
S&P SmallCap600/Citigroup Growth	5.54%	7.39%	-29.77%	-32.84%	1.39%
S&P SmallCap600/Citigroup Value	5.98%	2.60%	-28.99%	-29.50%	0.73%
MSCI EAFE	0.48%	9.19%	-35.46%	-43.07%	3.43%
MSCI World (ex US)	0.49%	11.12%	-35.12%	-43.26%	4.11%
MSCI World	1.36%	8.46%	-33.45%	-40.39%	1.31%
MSCI Emerging Markets	1.84%	40.40%	-31.75%	-53.49%	16.01%

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 6/05/09.

S&P Sector Performance

Index	Week	YTD	12-mo.	2008	5-yr
Consumer Discretionary	4.11%	12.43%	-24.79%	-33.49%	-4.08%
Consumer Staples	2.49%	0.04%	-15.00%	-15.44%	3.12%
Energy	1.84%	4.49%	-36.90%	-34.89%	12.78%
Financials	0.26%	-1.07%	-48.07%	-55.23%	-13.02%
Health Care	-0.33%	-2.73%	-18.38%	-22.80%	-1.97%
Industrials	5.72%	1.61%	-37.53%	-39.92%	-1.70%
Information Technology	4.30%	25.16%	-26.23%	-43.14%	-0.78%
Materials	1.83%	21.58%	-39.73%	-45.64%	3.71%
Telecom Services	-0.74%	-5.75%	-29.55%	-30.47%	2.40%
Utilities	1.44%	-5.54%	-32.03%	-28.99%	6.76%

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 6/05/09.

Bond Index Performance

Index	Week	YTD	12-mo.	2008	5-yr
U.S. Treasury: Intermediate	-1.66%	-3.67%	4.93%	11.35%	4.78%
GNMA 30 Year	-0.93%	1.58%	7.85%	7.87%	5.82%
U.S. Aggregate	-1.28%	0.02%	4.04%	5.24%	4.84%
U.S. Corporate High Yield	2.39%	29.83%	-5.69%	-26.16%	4.53%
U.S. Corporate Investment Grade	-0.54%	4.87%	-0.23%	-4.94%	3.38%
Municipal Bond: Long Bond (22+)	-0.83%	12.88%	-3.27%	-14.68%	3.78%
Global Aggregate	-1.57%	-0.49%	1.17%	4.79%	5.25%

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 6/05/09.

Key Rates

As of 6/05

Fed Funds	0.25%	5-YR CD	3.12%
LIBOR (1-month)	0.32%	2-YR T-Note	1.30%
CPI - Headline	-0.70%	5-YR T-Note	2.82%
CPI - Core	1.90%	10-YR T-Note	3.82%
Money Market Accts.	1.32%	30-YR T-Bond	4.61%
Money Market Funds	0.17%	30-YR Mortgage	5.45%
6-mo. CD	1.59%	Prime Rate	3.25%
1-YR CD	2.11%	Bond Buyer 40	5.45%

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

Market Indicators

As of 6/05

TED Spread	46 bps
Investment Grade Spread (A2)	343 bps
ML High Yield Master II Index Spread	1070 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 5/27/09

Estimated Flows to Long-Term Mutual Funds

	Current Week		Previous	
Domestic Equity	$953	Million	$252	Million
Foreign Equity	$629	Million	$513	Million
Taxable Bond	$4.619	Billion	$6.462	Billion
Municipal Bond	$1.405	Billion	$1.931	Billion

Change in Money Market Fund Assets

	Current Week		Previous	
Retail	-$9.80	Billion	-$7.29	Billion
Institutional	-$15.41	Billion	$22.74	Billion

Source: Investment Company Institute

Factoids for the week of June 1st – June 5th

Monday, June 1, 2009

In May, the dividend-payers (362) in the S&P 500 (equal weight) posted a total return of 5.89%, vs. 7.12% for the non-payers (138), according to Standard & Poor's. Year-to-date, the payers are down 1.61%, vs. a gain of 24.12% for the non-payers. For the 12-month period ended May '09, payers were off 38.89%, vs. a decline of 31.57% for the non-payers. The number of dividend increases so far in 2009 totaled 77. That significantly lagged the 141 increases registered at this point in 2008. The number of companies that decreased their dividend totaled 54, up from 14 a year ago. The dividend yield on the index is 3.01%.

Tuesday, June 2, 2009

The price of crude oil has surged 101.8% over the past 75 trading days ($33.98 at the bottom on 2/12 to $68.58 on 6/1). The best 75-day rally in the last oil bull produced a price gain of 55%, according to Bespoke Investment Group. Despite the pop in oil, the S&P 500 managed to post a gain of 13.8% over the 75-day span. The S&P 500 recently closed above the trend line based on its average price over the past 200 days – the first time in 18 months. This suggests the trend for stocks is up, according to Jack Ablin at Harris Private Bank.

Wednesday, June 3, 2009

Commodities registered their largest one-month gain in May since September of 1990, when Iraq invaded Kuwait, according to Standard & Poor's. The S&P GSCI Index jumped 19.67% in May. The index gained 22.94% in September of 1990. The following shows how the various commodities that comprise the index have performed (May & 12-month): Energy (25.44% & -65.39%); Industrial Metals (5.82% & -44.61%); Precious Metals (11.41% & 4.79%); Agriculture (12.37% & -22.82%); Livestock (-0.99% & -31.48%); and Soft (9.53% & -6.52%).

Thursday, June 4, 2009

Statistics show that the combination of time and some basic asset allocation can go a long way in smoothing out investment returns, according to *Kiplinger*. The following figures show annualized returns for portfolios with different blends of large-company U.S. stocks and long-term government bonds over rolling five-year periods since 1926 (Source: Ibbotson Associates): 100% stocks (*Average*: 10%; *Best*: 29%; *Worst*: -12%); 70% stocks & 30% bonds (*Average*: 9%; *Best*: 23%; *Worst*: -6%); 50% stocks & 50% bonds (*Average*: 8%; *Best*: 21%; *Worst*: -3%); and 30% stocks & 70% bonds (*Average*: 7%; *Best*: 21%; *Worst*: 0%).

Friday, June 5, 2009

A total of 29 states are poised to pass as much as $24 billion in tax and fee hikes (fiscal 2010) in the weeks ahead, according to CNNMoney.com. California accounts for $11.3 billion of the increase. Governors' proposed budgets for fiscal year 2010 currently indicate a 2.5% decrease in general fund spending. The recession has seriously crimped tax collections. Corporate tax revenue is on pace to fall 15.2%, while personal income and sales taxes could decline 6.6% and 3.2%, respectively.