First Trust

Market Watch

Week of August 10th

Stock Index Performance

Index	Week	YTD	12-mo.	2008	5-yr
Dow Jones Industrial Avg. (9370)	2.27%	8.99%	-15.21%	-31.92%	1.63%
S&P 500 (1010)	2.38%	13.61%	-18.02%	-36.99%	1.03%
NASDAQ 100 (1619)	1.04%	34.26%	-13.25%	-41.57%	4.77%
S&P 500/Citigroup Growth	0.85%	15.82%	-15.89%	-34.91%	1.37%
S&P 500/Citigroup Value	4.10%	11.27%	-20.27%	-39.19%	0.61%
S&P MidCap 400/Citigroup Growth	3.40%	25.93%	-16.74%	-37.58%	5.31%
S&P MidCap 400/Citigroup Value	5.30%	20.22%	-15.58%	-34.78%	4.55%
S&P SmallCap600/Citigroup Growth	1.90%	15.26%	-19.75%	-32.84%	4.48%
S&P SmallCap600/Citigroup Value	3.89%	13.33%	-15.78%	-29.50%	3.55%
MSCI EAFE	1.46%	19.53%	-20.24%	-43.07%	5.27%
MSCI World (ex US)	1.28%	26.66%	-18.65%	-43.26%	7.52%
MSCI World	1.82%	17.46%	-19.38%	-40.39%	3.18%
MSCI Emerging Markets	1.12%	53.00%	-13.13%	-53.49%	17.95%

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 8/7/09.

S&P Sector Performance

Index	Week	YTD	12-mo.	2008	5-yr
Consumer Discretionary	4.86%	24.63%	-6.70%	-33.49%	-0.55%
Consumer Staples	-1.04%	3.42%	-10.28%	-15.44%	5.20%
Energy	0.16%	2.36%	-26.03%	-34.89%	11.34%
Financials	10.49%	16.20%	-29.76%	-55.23%	-9.43%
Health Care	-0.81%	5.23%	-13.10%	-22.80%	1.71%
Industrials	5.13%	8.10%	-26.44%	-39.92%	-0.23%
Information Technology	0.80%	37.41%	-11.72%	-43.14%	3.11%
Materials	4.06%	34.30%	-20.71%	-45.64%	5.91%
Telecom Services	-2.74%	-1.89%	-11.00%	-30.47%	2.36%
Utilities	-0.25%	1.85%	-17.87%	-28.99%	7.29%

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 8/7/09.

Bond Index Performance

Index	Week	YTD	12-mo.	2008	5-yr
U.S. Treasury: Intermediate	-1.08%	-3.10%	4.41%	11.35%	4.41%
GNMA 30 Year	-0.83%	2.68%	9.24%	7.87%	5.48%
U.S. Aggregate	-0.93%	2.58%	6.80%	5.24%	4.70%
U.S. Corporate High Yield	1.86%	40.94%	7.16%	-26.16%	5.54%
U.S. Corporate Investment Grade	-1.05%	11.81%	7.40%	-4.94%	3.94%
Municipal Bond: Long Bond (22+)	0.05%	13.75%	0.27%	-14.68%	3.07%
Global Aggregate	-0.86%	2.87%	4.58%	4.79%	5.41%

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 8/7/09.

Key Rates

As of 8/7

Fed Funds	0.00-0.25%	5-yr CD	2.78%
LIBOR (1-month)	0.28%	2-yr T-Note	1.29%
CPI - Headline	-1.40%	5-yr T-Note	2.81%
CPI - Core	1.70%	10-yr T-Note	3.85%
Money Market Accts.	1.20%	30-yr T-Bond	4.60%
Money Market Funds	0.09%	30-yr Mortgage	5.53%
6-mo. CD	1.36%	Prime Rate	3.25%
1-yr CD	1.89%	Bond Buyer 40	5.53%

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

Market Indicators

As of 8/7

TED Spread	28 bps
Investment Grade Spread (A2)	242 bps
ML High Yield Master II Index Spread	859 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 7/29/09

Estimated Flows to Long-Term Mutual Funds

	Current Week		Previous	
Domestic Equity	$869	Million	$438	Million
Foreign Equity	$2.534	Billion	$1.856	Billion
Taxable Bond	$6.838	Billion	$6.469	Billion
Municipal Bond	$1.730	Billion	$1.697	Billion

Change in Money Market Fund Assets

	Current Week		Previous	
Retail	-$6.94	Billion	-$10.06	Billion
Institutional	-$20.51	Billion	-$11.92	Billion

Source: Investment Company Institute

Factoids for the week of August 3rd – 7th

Monday, August 3, 2009

The Federal Deposit Insurance Corp. (FDIC) has shut down 68 federally insured banks so far in 2009, up from 25 for all of 2008 and three in 2007. Most failures were due to an increase in loan defaults stemming from prolonged weakness in the residential real estate market and rising unemployment. Delinquencies on commercial real estate loans could be a potential challenge for banks in the near future, particularly the regionals, according to the FDIC. The number of banks on the FDIC's list of problem institutions (not public information) rose to 305 in Q1'09, up from 252 in Q4'08. This is the highest number since 1994.

Tuesday, August 4, 2009

In July, the dividend-payers (358) in the S&P 500 (equal weight) posted a total return of 9.56%, vs. 9.76% for the non-payers (142), according to Standard & Poor's. Year-to-date, the payers are up 6.90%, vs. a gain of 36.59% for the non-payers. For the 12-month period ended July '09, payers were off 26.01%, vs. a decline of 15.70% for the non-payers. The number of dividend increases year-to-date totaled 93. That significantly lagged the 181 increases registered at this point in 2008. The number of companies that decreased their dividend totaled 61, up from 18 a year ago. Ten companies have suspended their dividend payments, up from six a year ago.

Wednesday, August 5, 2009

At July's close, 1,220 U.S. companies had reported their earnings for Q2, according to Bespoke Investment Group. The percentage of companies reporting better than expected earnings stood at 71%, among the best quarterly results posted over the past decade. Companies have been effective in the area of cost reduction and that has enabled them to top expectations. Overall, S&P 500 earnings are down 31.7% compared to Q2'08. Energy companies have suffered the most with earnings plummeting 67.9% so far. The only two sectors with positive earnings growth are Health Care (7.2%) and Utilities (0.5%).

Thursday, August 6, 2009

The oil shale in North Dakota may hold as much as 200 billion barrels, around four times the amount of oil in Alaska, according to Kiplinger.com. If these reserves were tapped the additional supply would enable the U.S. to satisfy 30 years worth of consumption needs based on current usage levels. That would eliminate the need for imported oil. The challenge is extracting the oil from the soft rock, which is buried two miles underground. The technology is available, but the infrastructure (roads, electrical/water supply lines and oil storage/pipelines) is not. While some drilling is underway, full-scale production is still five years away.

Friday, August 7, 2009

The current downturn in the residential real estate market may provide an opportunity for the manufactured housing industry. A manufactured home is a single-family house built entirely in the factory under a federal building code administered by the U.S. Department of Housing and Urban Development. At its peak the industry provided 15% of all housing in the U.S., according to Eugene W. Landy, founder of UMH Properties Inc. Landy notes that the growth in population is such that providing enough adequate housing for our citizens could become an issue. He estimates we will need another 1.5 million homes in a year. With 35% of the population earning less than $50,000 per year, manufactured homes could be an affordable option. The average price of a manufactured home was $64,900 at the end of 2008, up from $41,600 in 1998 and $25,100 in 1988, according to data from the U.S. Commerce Department's Census Bureau.