First Trust — Market Watch

Week of February 22nd

Stock Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
Dow Jones Industrial Avg. (10,402)	3.12%	0.22%	43.60%	22.68%	1.91%
S&P 500 (1,109)	3.19%	-0.24%	45.62%	26.47%	0.49%
NASDAQ 100 (1,823)	2.54%	-1.87%	57.20%	54.63%	4.32%
S&P 500 Growth	3.04%	-1.15%	40.70%	31.58%	1.40%
S&P 500 Value	3.33%	0.69%	51.53%	21.17%	-0.51%
S&P MidCap 400 Growth	3.26%	1.33%	58.07%	41.23%	4.02%
S&P MidCap 400 Value	3.54%	2.74%	61.96%	33.77%	3.47%
S&P SmallCap 600 Growth	3.20%	0.04%	52.14%	28.34%	1.74%
S&P SmallCap 600 Value	3.94%	1.98%	57.66%	22.86%	1.60%
MSCI EAFE	1.71%	-5.57%	46.58%	31.78%	2.13%
MSCI World (ex US)	1.72%	-5.19%	55.20%	41.45%	4.38%
MSCI World	2.49%	-2.73%	46.83%	29.99%	1.41%
MSCI Emerging Markets	1.27%	-5.54%	83.00%	78.51%	13.11%

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 02/19/10.

S&P Sector Performance

Index	Week	YTD	12-mo.	2009	5-yr
Consumer Discretionary	3.49%	1.46%	71.36%	41.33%	-0.93%
Consumer Staples	2.78%	2.34%	29.43%	14.89%	5.77%
Energy	3.06%	-0.19%	25.60%	13.86%	6.94%
Financials	4.06%	0.60%	96.42%	17.24%	-10.97%
Health Care	2.11%	1.13%	22.85%	19.70%	2.67%
Industrials	4.52%	3.84%	55.95%	20.93%	-0.03%
Information Technology	2.74%	-3.84%	62.65%	61.72%	3.53%
Materials	4.21%	-2.21%	61.99%	48.57%	3.23%
Telecom Services	0.87%	-8.34%	16.87%	8.93%	1.62%
Utilities	3.65%	-3.96%	16.46%	11.91%	4.37%

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 02/19/10.

Bond Index Performance

Index	Week	YTD	12-mo.	2009	5-yr
U.S. Treasury: Intermediate	-0.40%	1.02%	1.08%	-1.41%	4.92%
GNMA 30 Year	-0.32%	0.96%	5.90%	5.37%	5.68%
U.S. Aggregate	-0.27%	1.03%	7.82%	5.93%	5.10%
U.S. Corporate High Yield	1.64%	0.96%	51.11%	58.21%	6.42%
U.S. Corporate Investment Grade	-0.04%	0.65%	19.31%	18.68%	4.60%
Municipal Bond: Long Bond (22+)	-0.09%	1.02%	15.39%	23.43%	3.65%
Global Aggregate	-0.86%	-1.08%	10.50%	6.93%	4.65%

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 02/19/10.

Key Rates

As of 02/19

Fed Funds	0.00-0.25%	5-yr CD	2.83%
LIBOR (1-month)	0.23%	2-yr T-Note	0.91%
CPI - Headline	2.60%	5-yr T-Note	2.45%
CPI - Core	1.60%	10-yr T-Note	3.77%
Money Market Accts.	0.85%	30-yr T-Bond	4.71%
Money Market Funds	0.03%	30-yr Mortgage	5.16%
6-mo. CD	0.96%	Prime Rate	3.25%
1-yr CD	1.43%	Bond Buyer 40	5.32%

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

Market Indicators

As of 02/19

TED Spread	14 bps
Investment Grade Spread (A2)	198 bps
ML High Yield Master II Index Spread	656 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 02/10/10

Estimated Flows to Long-Term Mutual Funds

	Current Week		Previous	
Domestic Equity	-$5.155	Billion	-$2.228	Billion
Foreign Equity	-$447	Million	$746	Million
Taxable Bond	$5.420	Billion	$7.151	Billion
Municipal Bond	$1.381	Billion	$1.394	Billion

Change in Money Market Fund Assets

	Current Week		Previous	
Retail	$2.73	Billion	-$1.81	Billion
Institutional	-$40.38	Billion	-$4.91	Billion

Source: Investment Company Institute

Factoids for the week of February 16th – 19th

Monday, February 15, 2010
Markets Closed, Presidents' Day

Tuesday, February 16, 2010
U.S. companies have been less aggressive this year in acquiring foreign companies than was expected, according to *BusinessWeek*. Year-to-date through January 27, 642 acquisitions worth a total of $31.69 billion were announced by U.S. companies for target assets around the world, according to Dealogic. That is a 7.5% decline in volume (694 deals) and 66.7% drop in value ($95.18 billion) versus the same period a year ago. It could be that U.S. companies are a bit apprehensive about overpaying for assets at this early stage of the economic recovery.

Wednesday, February 17, 2010
Today marks the start of the second year for the American Recovery and Reinvestment Act. The original cost estimate for this stimulus plan (package of spending and tax cuts) was $787 billion, but the Congressional Budget Office revised it to $862 billion last month, according to Reuters. Nearly $280 billion of the stimulus will be directed through state governments, including $48 billion to help them balance their budgets. The process of putting the dollars to work has been slow in some instances. As of the close of 2009, the Department of Transportation had approved 10,000 highway projects worth an estimated $34.1 billion. To date, it has only paid out $8.63 billion. The White House Council of Economic Advisers claims that the stimulus plan saved between 1.5 million and 2 million jobs in 2009.

Thursday, February 18, 2010
National governments have amassed nearly $55 trillion in debt, according to *BusinessWeek*. That is more than double the amount from a decade ago. Lower-rated countries posted the biggest percentage increases in government debt since 1999, according to data from Moody's Investors Services. Here is a comparison of the top four ratings groups as of November 2009: Aaa ($33.44 trillion/+125% since '99); Aa ($14.87 trillion/+93% since '99); A ($2.14 trillion/+204% since '99); and Baa ($2.84 trillion/+297% since '99).

Friday, February 19, 2010
The Congressional Oversight Panel reported that $1.4 trillion in commercial real estate loans will require refinancing in the next four years, and more than half are currently underwater, according to CNNMoney.com. The expected losses on bad loans could range from $200 billion to $300 billion. The panel's research found that 2,988 banks are heavily invested in commercial real estate loans, and 2,500 of them have less than $1 billion in assets.