First Trust

Market Watch

Week of November 7th

Stock Index Performance

Index	Week	YTD	12-mo.	2010	5-yr.
Dow Jones Industrial Avg. (11,983)	-2.01%	5.72%	7.55%	14.06%	2.75%
S&P 500 (1,253)	-2.45%	1.33%	4.73%	15.06%	0.44%
NASDAQ 100 (2,356)	-1.83%	7.00%	8.69%	20.15%	7.42%
S&P 500 Growth	-1.93%	4.66%	7.15%	15.09%	3.07%
S&P 500 Value	-3.03%	-2.11%	2.25%	15.13%	-2.26%
S&P MidCap 400 Growth	-1.11%	3.17%	10.37%	30.65%	6.85%
S&P MidCap 400 Value	-1.29%	-2.58%	2.83%	22.80%	2.28%
S&P SmallCap 600 Growth	-1.41%	3.41%	10.97%	28.43%	4.70%
S&P SmallCap 600 Value	-2.08%	-3.50%	3.26%	25.01%	0.75%
MSCI EAFE	-6.00%	-9.12%	-9.80%	7.75%	-2.87%
MSCI World (ex US)	-4.88%	-9.84%	-9.89%	11.15%	-0.77%
MSCI World	-4.04%	-4.22%	-2.71%	11.76%	-1.10%
MSCI Emerging Markets	-2.02%	-12.05%	-11.89%	18.88%	6.05%

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 11/4/11.

S&P Sector Performance

Index	Week	YTD	12-mo.	2010	5-yr.
Consumer Discretionary	-1.70%	5.30%	9.32%	27.85%	2.95%
Consumer Staples	-1.49%	7.80%	9.09%	14.12%	7.12%
Energy	-2.52%	5.77%	16.25%	20.46%	5.93%
Financials	-5.34%	-15.74%	-11.49%	12.18%	-15.63%
Health Care	-2.92%	7.32%	7.22%	2.90%	2.17%
Industrials	-2.07%	-2.33%	3.08%	26.74%	1.08%
Information Technology	-1.72%	5.22%	5.41%	10.22%	5.08%
Materials	-2.72%	-6.41%	0.56%	22.34%	3.72%
Telecom Services	-1.23%	1.89%	4.94%	18.97%	1.51%
Utilities	-0.22%	15.26%	13.95%	5.46%	3.75%

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 11/4/11.

Bond Index Performance

Index	Week	YTD	12-mo.	2010	5-yr.
U.S. Treasury: Intermediate	0.82%	6.01%	3.22%	5.29%	6.06%
GNMA 30 Year	0.33%	7.03%	5.67%	6.71%	7.02%
U.S. Aggregate	0.84%	7.16%	4.85%	6.54%	6.57%
U.S. Corporate High Yield	-0.40%	4.31%	4.27%	15.12%	7.93%
U.S. Corporate Investment Grade	1.03%	8.39%	5.72%	9.00%	7.08%
Municipal Bond: Long Bond (22+)	0.68%	12.39%	4.56%	1.12%	3.99%
Global Aggregate	-0.98%	6.50%	2.55%	5.55%	6.94%

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 11/4/11.

Key Rates

As of 11/4/11

Fed Funds	0.00-0.25%	5-yr CD	1.57%
LIBOR (1-month)	0.25%	2-yr T-Note	0.21%
CPI - Headline	3.90%	5-yr T-Note	0.87%
CPI - Core	2.00%	10-yr T-Note	2.03%
Money Market Accts.	0.48%	30-yr T-Bond	3.08%
Money Market Funds	0.02%	30-yr Mortgage	4.09%
6-mo CD	0.47%	Prime Rate	3.25%
1-yr CD	0.74%	Bond Buyer 40	4.99%

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

Market Indicators

As of 11/4/11

TED Spread	44 bps
Investment Grade Spread (A2)	241 bps
ML High Yield Master II Index Spread	727 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 10/26/11

Estimated Flows to Long-Term Mutual Funds

	Current Week		Previous	
Domestic Equity	-$3.200	Billion	-$3.465	Billion
Foreign Equity	-$680	Million	$177	Million
Taxable Bond	$4.189	Billion	$5.100	Billion
Municipal Bond	$850	Million	$548	Million

Change in Money Market Fund Assets

	Current Week		Previous	
Retail	-$1.39	Billion	-$6.80	Billion
Institutional	-$10.55	Billion	$6.78	Billion

Source: Investment Company Institute

Factoids for the week of October 31st – November 4th

Monday, October 31, 2011

The return posted on Treasuries over the past 30 years just surpassed the annualized gain on the S&P 500 for the first time since before the Civil War, according to Bloomberg. This accomplishment is somewhat less dramatic than it sounds when you consider that the closing yield on the 30-Year T-Bond was 15.03% on 10/28/81. The average return on the S&P 500 for that 30-year stretch was 11.17%. Investors should not expect such returns looking ahead as the yield on the 30-Year T-Bond closed this past Friday at 3.37%. Meanwhile, U.S. corporate profits are on pace to beat estimates for the 11th consecutive quarter.

Tuesday, November 1, 2011

The stock market has a history of bouncing back strong from near-bear markets and mild bears, according to data from Standard & Poor's. A bear market occurs when stocks drop by 20% or more. The S&P 500 was down 18.6% from its 2011 high on 4/29 through 10/3. The index posted a gain of 10.9% in October. Since 1948, the S&P 500's average gain over the 12 months following the past eight near-bear/mild bear markets was 31.7%.

Wednesday, November 2, 2011

The majority of growth in mobile phone shipments has been in smartphones, according to *Fortune*. Sales roughly tripled over the past three years from 40 million to nearly 120 million, yet smartphones still only account for about 30% of the market. So there is plenty of room for growth. Sales of non-smartphones barely increased from 258 million three years ago to 272 million.

Thursday, November 3, 2011

In October, the dividend-payers (392) in the S&P 500 (equal weight) posted a total return of 13.43%, vs. 14.06% for the non-payers (108), according to Standard & Poor's. Y-T-D, the payers were up 1.18%, vs. a decline of 3.34% for the non-payers. For the 12-month period ended October '11, payers were up 9.50%, vs. a gain of 4.20% for the non-payers. The number of dividend increases y-t-d totaled 265, up from 191 increases a year ago. Nineteen companies initiated dividends, up from 10 a year ago. Five dividends were cut, up from three cuts last year.

Friday, November 4, 2011

The appraisal process is disrupting a substantial number of home sales, according to SmartMoney.com. The problem seems to be that appraisers are now including the prices of up to 10 recently sold homes considered comparable to the one they are valuing. Typically it is closer to three. These comparisons can include short sales and foreclosures. Deals are getting either delayed, canceled or renegotiated when the agreed upon selling price turns out to be higher than the appraised value. In the first nine months of this year, 33% of realtors have said their clients fell victim to the process, up from 10% in 2009.