First Trust

Market Watch

Week of March 5th

Stock Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Dow Jones Industrial Avg. (12,978)	0.00%	6.76%	10.49%	8.41%	4.22%
S&P 500 (1,370)	0.34%	9.33%	6.93%	2.12%	1.93%
NASDAQ 100 (2,642)	1.45%	16.21%	14.71%	3.69%	9.67%
S&P 500 Growth	0.33%	9.03%	10.31%	4.70%	4.69%
S&P 500 Value	0.35%	9.67%	3.59%	-0.48%	-0.87%
S&P MidCap 400 Growth	-0.59%	12.35%	5.69%	-0.95%	7.28%
S&P MidCap 400 Value	-1.02%	10.36%	2.05%	-2.40%	2.86%
S&P SmallCap 600 Growth	-2.21%	7.23%	7.43%	3.67%	5.43%
S&P SmallCap 600 Value	-3.45%	8.34%	4.16%	-1.34%	2.08%
MSCI EAFE	-0.66%	10.95%	-7.16%	-12.14%	-2.76%
MSCI World (ex US)	-0.11%	12.49%	-6.01%	-13.71%	-0.52%
MSCI World	-0.09%	10.14%	-0.72%	-5.54%	-0.32%
MSCI Emerging Markets	1.21%	18.10%	-0.54%	-18.42%	6.64%

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 3/2/12.

S&P Sector Performance

Index	Week	YTD	12-mo.	2011	5-yr.
Consumer Discretionary	1.48%	11.56%	14.14%	6.24%	4.65%
Consumer Staples	0.48%	1.89%	15.96%	14.03%	8.23%
Energy	-1.67%	7.24%	-1.36%	4.72%	7.36%
Financials	1.40%	14.45%	-7.61%	-17.07%	-13.98%
Health Care	0.37%	4.73%	14.35%	12.77%	3.86%
Industrials	-0.90%	9.65%	3.84%	-0.59%	2.58%
Information Technology	0.94%	16.13%	13.32%	2.43%	7.71%
Materials	-0.67%	11.63%	0.36%	-9.68%	3.16%
Telecom Services	1.22%	1.78%	10.06%	6.33%	1.30%
Utilities	-0.29%	-2.72%	14.56%	20.02%	2.39%

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 3/2/12.

Bond Index Performance

Index	Week	YTD	12-mo.	2011	5-yr.
U.S. Treasury: Intermediate	0.11%	0.10%	6.75%	6.57%	5.73%
GNMA 30 Year	0.04%	0.32%	8.12%	7.97%	6.76%
U.S. Aggregate	0.19%	0.89%	8.59%	7.84%	6.34%
U.S. Corporate High Yield	0.54%	5.61%	6.93%	4.98%	8.25%
U.S. Corporate Investment Grade	0.54%	3.16%	10.76%	8.15%	7.01%
Municipal Bond: Long Bond (22+)	0.01%	3.91%	19.25%	14.88%	4.69%
Global Aggregate	-0.27%	1.18%	5.93%	5.64%	6.45%

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 3/2/12.

Key Rates

As of 3/2/12

Fed Funds	0.00-0.25%	5-yr CD	1.29%
LIBOR (1-month)	0.24%	2-yr T-Note	0.27%
CPI - Headline	2.90%	5-yr T-Note	0.84%
CPI - Core	2.30%	10-yr T-Note	1.98%
Money Market Accts.	0.43%	30-yr T-Bond	3.10%
Money Market Funds	0.03%	30-yr Mortgage	3.93%
6-mo CD	0.41%	Prime Rate	3.25%
1-yr CD	0.63%	Bond Buyer 40	4.58%

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

Market Indicators

As of 3/2/12

TED Spread	41 bps
Investment Grade Spread (A2)	225 bps
ML High Yield Master II Index Spread	600 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 2/22/12

	Current Week		Previous	
Domestic Equity	-$322	Million	$35	Million
Foreign Equity	$1.131	Billion	$1.008	Billion
Taxable Bond	$6.958	Billion	$6.463	Billion
Municipal Bond	$1.424	Billion	$1.733	Billion

Change in Money Market Fund Assets for the Week Ended 2/29/12

	Current Week		Previous	
Retail	-$2.72	Billion	$1.96	Billion
Institutional	-$10.38	Billion	$4.25	Billion

Source: Investment Company Institute

Factoids for the week of February 27th – March 2nd

Monday, February 27, 2011

Investors fed up with low interest rates on savings vehicles are purchasing dividend-paying stocks, and money managers believe this universe of people is huge and growing, according to *The Los Angeles Times*. The good news is companies in the S&P 500 are flush with cash and are boosting their payouts in dollar terms. S&P 500 dividends are expected to total $263 billion in 2012, according to Howard Silverblatt, senior index analyst at Standard & Poor's. If so, that total would eclipse the prevoious record of $248 billion in 2008.

Tuesday, February 28, 2012

Consumer confidence in the economy appears to be growing based on the recent pop in nonfarm payrolls and decent retail sales data. The Conference Board's Consumer Confidence Index has jumped from a reading of 40.9 in 10/11 to 70.8 in 2/12. Its five-year high was 111.9 in 2/07. The average over that span was 63.2. While there is debate over just how useful confidence levels are as a predictor of future spending, they are widely followed. Banks are loosening standards on car loans and credit cards, but not home equity loans and cash-out refinancing of mortgages, according to Kiplinger.com. It expects consumers to borrow $2.5 trillion in 2012, on par with 2007 levels, when consumer spending drove fairly robust economic growth.

Wednesday, February 29, 2012

Data from the Investment Company Institute shows that investors liquidated roughly $490 billion from domestic equity funds over the past five years, according to SmartMoney.com. The key event that seemed to trigger the mass exodus was the Lehman Brothers bankruptcy filing on September 15, 2008. Investors pulled out $45 billion in October 2008. SmartMoney.com estimates that the $45 billion pulled from the funds would have grown to $70 billion (including dividends) today.

Thursday, March 1, 2012

The number of bank failures in 2011 totaled 92, down from 157 in 2010, according to CNNMoney.com. There are 7,357 banks in the U.S. The Federal Deposit Insurance Corporation (FDIC) announced that the number of banks on its "troubled list" declined by 31 to 813 in Q4'11. Loan balances increased for the third consecutive quarter in Q4'11 to $130.1 billion – the largest increase since 2007. While the S&P 500 Banks Index lost 10.6% of its value in 2011, it was up 12.1% in the first two months of 2012.

Friday, March 2, 2012

In February, the dividend-payers (396) in the S&P 500 (equal weight) posted a total return of 3.84%, vs. 5.55% for the non-payers (104), according to Standard & Poor's. Y-T-D, the payers were up 8.92%, vs. a gain of 14.19% for the non-payers. For the 12-month period ended February, payers were up 4.08%, vs. a loss of 1.22% for the non-payers. The number of dividend increases y-t-d totaled 68, up from 55 a year ago. Three dividends were cut, up from zero a year ago. One company initiated a dividend, down from six a year ago.