First Trust

Market Watch

Week of October 28th

Stock Index Performance

Index	Week	YTD	12-mo.	2012	5-yr.
Dow Jones Industrial Avg. (15,570)	1.11%	21.21%	21.95%	10.24%	16.39%
S&P 500 (1,760)	0.88%	25.50%	27.32%	16.00%	17.51%
NASDAQ 100 (3,384)	0.90%	28.56%	29.45%	18.35%	24.31%
S&P 500 Growth	1.07%	25.32%	26.30%	14.71%	19.07%
S&P 500 Value	0.68%	25.69%	28.53%	17.77%	15.88%
S&P MidCap 400 Growth	0.10%	26.76%	32.55%	17.62%	23.80%
S&P MidCap 400 Value	0.61%	29.95%	36.40%	19.10%	21.67%
S&P SmallCap 600 Growth	0.85%	36.14%	41.82%	15.27%	22.94%
S&P SmallCap 600 Value	0.36%	33.51%	40.66%	18.88%	20.87%
MSCI EAFE	0.44%	20.55%	27.13%	17.32%	14.01%
MSCI World (ex US)	0.05%	14.26%	20.23%	16.83%	14.84%
MSCI World	0.63%	22.26%	26.04%	15.83%	15.54%
MSCI Emerging Markets	-1.41%	-0.41%	5.40%	18.22%	19.59%

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 10/25/13.

S&P Sector Performance

Index	Week	YTD	12-mo.	2012	5-yr.
Consumer Discretionary	1.99%	34.87%	40.77%	24.14%	28.96%
Consumer Staples	1.32%	22.55%	21.75%	11.08%	16.53%
Energy	-0.07%	20.25%	19.29%	4.64%	14.55%
Financials	-0.34%	28.81%	33.85%	28.92%	10.48%
Health Care	0.33%	34.04%	33.05%	17.89%	18.10%
Industrials	2.23%	30.48%	36.63%	15.42%	19.27%
Information Technology	0.75%	18.34%	19.23%	14.82%	19.62%
Materials	1.52%	19.53%	25.45%	15.24%	17.99%
Telecom Services	1.41%	13.22%	11.61%	18.31%	17.07%
Utilities	2.01%	15.65%	11.75%	1.31%	12.20%

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 10/25/13.

Bond Index Performance

Index	Week	YTD	12-mo.	2012	5-yr.
U.S. Treasury: Intermediate	0.22%	-0.48%	0.09%	1.71%	3.33%
GNMA 30 Year	0.41%	-0.81%	-0.58%	2.44%	5.16%
U.S. Aggregate	0.38%	-1.01%	-0.52%	4.21%	5.86%
U.S. Corporate High Yield	0.54%	6.05%	8.35%	15.81%	18.33%
U.S. Corporate Investment Grade	0.45%	-1.10%	-0.55%	9.82%	10.82%
Municipal Bond: Long Bond (22+)	1.49%	-5.38%	-4.66%	11.26%	7.72%
Global Aggregate	0.57%	-0.71%	-0.66%	4.32%	5.85%

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 10/25/13.

Key Rates

As of 10/25/13

Fed Funds	0.00-0.25%	5-yr CD	1.34%
LIBOR (1-month)	0.17%	2-yr T-Note	0.30%
CPI - Headline	1.50%	5-yr T-Note	1.28%
CPI - Core	1.80%	10-yr T-Note	2.51%
Money Market Accts.	0.45%	30-yr T-Bond	3.60%
Money Market Funds	0.01%	30-yr Mortgage	4.16%
6-mo CD	0.40%	Prime Rate	3.25%
1-yr CD	0.67%	Bond Buyer 40	5.10%

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

Market Indicators

As of 10/25/13

TED Spread	20 bps
Investment Grade Spread (A2)	176 bps
ML High Yield Master II Index Spread	443 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 10/16/13

	Current Week		Previous	
Domestic Equity	$839	Million	-$5.189	Billion
Foreign Equity	$2.095	Billion	$2.076	Billion
Taxable Bond	-$3.860	Billion	-$1.519	Billion
Municipal Bond	-$1.849	Billion	-$1.029	Billion

Change in Money Market Fund Assets for the Week Ended 10/23/13

	Current Week		Previous	
Retail	-$8.45	Billion	$0.89	Billion
Institutional	$63.00	Billion	-$53.19	Billion

Source: Investment Company Institute.

Factoids for the week of October 21 – 25, 2013

Monday, October 21, 2013

The American Institute for Economic Research estimates that the COLA (Cost-Of-Living-Adjustment) target for 2014 will be around 1.5%, down from the 1.7% increase in 2013 and well below the 2.5% average over the past 10 years, according to MarketWatch.com. It will rank as one of the smallest increases since 1975. The exact figure is expected to be released next week. Some 58 million people receive Social Security benefits.

Tuesday, October 22, 2013

The trend for CO2 emissions in the U.S. is down, according to *USA TODAY*. A release from the Energy Information Administration stated that energy-related carbon dioxide emissions declined 3.8% in 2012 (lowest level since 1994) even though U.S. GDP growth topped 2.5%. The drop in emissions represented the first decline ever registered in a year in which U.S. GDP rose at least 2.0%. The release cited a warm winter (energy consumption fell 2.4%), more fuel efficient vehicles and a shift by power plants from coal to natural gas as reasons for the decline. U.S. CO2 emissions have declined in five of the past seven years, and are now 12% below the 2007 peak.

Wednesday, October 23, 2013

Data from the Investment Company Institute shows that total assets invested in ETFs has nearly tripled to $1.5 trillion over the past five years, according to Bloomberg. Over that same period, approximately $284 billion was liquidated from actively managed mutual funds, according to data from Morningstar. Capital flows into ETFs are not constant. Flows are influenced by external events, such as the government shutdown. Nearly $7 billion flowed into ETFs on October 17, as Congress passed legislation to avoid a default. Around $47 billion has flowed into ETFs since September 1, 2013. In the three months prior, however, investors liquidated $18 billion in August, added $40 billion in July and liquidated $11 billion in June. It was the most volatile period for flows on record, according to Bloomberg.

Thursday, October 24, 2013

The results of the third annual Cisco Global Cloud Index study revealed that global cloud traffic is expected to grow by 35% a year from 2012 to 2017, according to *Forbes*. By 2017, Cisco estimates it will account for 69% of all data center traffic, which is expected to be 5.3 zettabytes (zettabyte is one billion terabytes). Currently, North America dominates in terms of cloud traffic, followed by Asia Pacific and then Western Europe. Asia Pacific cloud traffic is expected to match that of the U.S. by 2017, with Western Europe remaining well behind. Roughly 17% of data center traffic is expected to be driven by end users accessing clouds for web surfing, video streaming, collaboration and connected devices.

Friday, October 25, 2013

Industry analysts are predicting stronger growth in the issuance of commercial mortgage-backed securities (CMBS) over the next couple of years, according to REIT.com. Annual CMBS issuance is expected to increase as follows: $48 billion (2012); $75 billion (2013); $88 billion (2014); and $100 billion (2015), according to a semi-annual forecast from the Urban Land Institute and Ernst & Young. Even if issuance hits $100 billion in 2015 it would be half the $200 billion or so issued in 2006 and 2007, according to Dan Fasulo, managing director at Real Capital Analytics. Issuance was nearly zero in 2009. REIT IPOs are also trending higher. So far in 2013, there have been 11 REIT IPOS valued at $3.8 billion, compared to only six valued at $1.3 billion for all of 2012, according to Kevin Lindemann at SNL Real Estate.