First Trust

Market Watch

Week of December 30th

Stock Index Performance

Index	Week	YTD	12-mo.	2012	5-yr.
Dow Jones Industrial Avg. (16,478)	1.59%	28.88%	28.96%	10.24%	17.28%
S&P 500 (1,841)	1.31%	31.86%	32.63%	16.00%	18.64%
NASDAQ 100 (3,574)	1.23%	36.24%	37.71%	18.35%	26.07%
S&P 500 Growth	1.15%	32.15%	33.06%	14.71%	19.87%
S&P 500 Value	1.48%	31.55%	32.16%	17.77%	17.38%
S&P MidCap 400 Growth	1.27%	31.90%	33.28%	17.62%	24.19%
S&P MidCap 400 Value	1.44%	33.74%	34.75%	19.10%	21.47%
S&P SmallCap 600 Growth	1.06%	42.62%	44.79%	15.27%	23.83%
S&P SmallCap 600 Value	1.34%	39.81%	41.39%	18.88%	21.20%
MSCI EAFE	2.34%	22.29%	21.85%	17.32%	12.82%
MSCI World (ex US)	1.99%	14.77%	14.66%	16.83%	13.28%
MSCI World	1.73%	26.14%	26.36%	15.83%	15.60%
MSCI Emerging Markets	0.98%	-3.10%	-2.57%	18.22%	15.32%

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 12/27/13.

S&P Sector Performance

Index	Week	YTD	12-mo.	2012	5-yr.
Consumer Discretionary	1.07%	41.94%	43.55%	24.14%	28.36%
Consumer Staples	0.81%	25.82%	25.97%	11.08%	16.25%
Energy	2.03%	24.92%	25.28%	4.64%	14.50%
Financials	0.89%	35.21%	35.98%	28.92%	15.01%
Health Care	0.88%	41.22%	41.44%	17.89%	18.85%
Industrials	1.52%	40.02%	41.00%	15.42%	20.57%
Information Technology	1.78%	27.65%	28.90%	14.82%	22.35%
Materials	2.43%	25.20%	26.13%	15.24%	19.26%
Telecom Services	2.33%	11.51%	11.59%	18.31%	13.19%
Utilities	-0.09%	12.63%	13.07%	1.31%	10.78%

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 12/27/13.

Bond Index Performance

Index	Week	YTD	12-mo.	2012	5-yr.
U.S. Treasury: Intermediate	-0.24%	-1.38%	-1.39%	1.71%	2.06%
GNMA 30 Year	-0.40%	-2.35%	-2.29%	2.44%	4.02%
U.S. Aggregate	-0.40%	-2.11%	-2.20%	4.21%	4.44%
U.S. Corporate High Yield	0.12%	7.31%	7.30%	15.81%	19.90%
U.S. Corporate Investment Grade	-0.52%	-1.64%	-1.92%	9.82%	8.66%
Municipal Bond: Long Bond (22+)	-0.06%	-6.11%	-6.07%	11.26%	8.72%
Global Aggregate	-0.22%	-2.74%	-2.89%	4.32%	3.85%

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 12/27/13.

Key Rates

As of 12/27/13

Fed Funds	0.00-0.25%	5-yr CD	1.35%
LIBOR (1-month)	0.16%	2-yr T-Note	0.39%
CPI - Headline	1.20%	5-yr T-Note	1.74%
CPI - Core	1.70%	10-yr T-Note	3.00%
Money Market Accts.	0.45%	30-yr T-Bond	3.94%
Money Market Funds	0.01%	30-yr Mortgage	4.56%
6-mo CD	0.40%	Prime Rate	3.25%
1-yr CD	0.67%	Bond Buyer 40	5.14%

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

Market Indicators

As of 12/27/13

TED Spread	19 bps
Investment Grade Spread (A2)	155 bps
ML High Yield Master II Index Spread	396 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 12/18/13

	Current Week		Previous	
Domestic Equity	-$2.698	Billion	-$5.682	Billion
Foreign Equity	$3.131	Billion	$4.590	Billion
Taxable Bond	-$5.614	Billion	-$4.206	Billion
Municipal Bond	-$2.520	Billion	-$2.575	Billion

Change in Money Market Fund Assets for the Week Ended 12/23/13

	Current Week		Previous	
Retail	$1.27	Billion	$4.07	Billion
Institutional	$20.82	Billion	-$38.45	Billion

Source: Investment Company Institute.

Factoids for the week of December 23 - 27, 2013

Monday, December 23, 2013

At the close of the bull market that ran from 10/9/02 through 10/9/07, the U.S. stock market represented 31.07% of total world market capitalization, according to Bespoke Investment Group. It stood at 32.21% on 12/31/12. U.S. equities have performed so well in 2013 that it currently stands at 35.90%. All four BRIC (Brazil, Russia, India & China) countries have lost share since 10/9/07. Japan and the UK, which currently rank second and third in terms of world market capitalization at 7.42% and 6.41%, respectively, have also lost share since 10/9/07. Hong Kong, Canada, Switzerland and Australia, all of which rank in the top ten, have gained share since 10/9/07.

Tuesday, December 24, 2013

S&P 500 stock buybacks totaled $128.2 billion in Q3'13, up 8.6% from the $118.1 billion executed in Q2'13, according to S&P Dow Jones Indices. Buybacks were up 23.6% (y-o-y) from the $103.7 billion executed in Q3'12. For the 12-month period ended September 30, buybacks totaled $445.3 billion, up 15.0% from the $387.3 billion executed over the prior 12-month period. The peak occurred in 2007, when companies spent $589.1 billion on buybacks over those 12 months. Through the first three quarters of 2013, S&P 500 companies spent $346.2 billion on buybacks and distributed $226.8 billion in stock dividends, up from $299.8 billion and $200.9 billion, respectively, for the same period a year ago. Information Technology was the most active sector in Q3'13 accounting for 25.1% of all buyback expenditures.

Wednesday, December 25, 2013

Markets Closed due to the Christmas Holiday.

Thursday, December 26, 2013

A Bloomberg survey (12/17/13) of 20 equity strategists on Wall Street found that the consensus estimate for where the S&P 500 will close 2014 was 1950, according to its own release. The survey was taken prior to the S&P 500 posting a five-day trading session gain (12/18-12/24) of 2.94%. The 1950 consensus estimate for the S&P 500 would represent a price gain of 6.36% from its 12/24 close (1833.32). The highest and lowest estimates were 2075 and 1750, respectively. The average 2014 EPS estimate for the S&P 500 was $116.00.

Friday, December 27, 2013

Property consultant Cushman & Wakefield estimates that global property deal volume will be up 8.4% to $978 billion in 2013, and is calling for another 15% rise in 2014, according to Reuters. If so, it would mark the highest level for property deals since the $1.25 trillion posted in 2007. Activity is expected to be most robust in the Americas (18% to 20% growth) in 2014, with investors targeting emerging nations such as Mexico and Brazil. Optimism stems from a growing confidence in the financial markets and the potential for stronger economic growth moving forward.