First Trust

Market Watch

Week of March 25th

Stock Index Performance

Index	Week	YTD	12-mo.	2012	5-yr.
Dow Jones Industrial Avg. (14,512)	-0.01%	11.42%	14.31%	10.24%	6.22%
S&P 500 (1,557)	-0.24%	9.70%	14.34%	16.00%	5.53%
NASDAQ 100 (2,801)	0.06%	5.55%	3.93%	18.35%	10.81%
S&P 500 Growth	0.03%	8.34%	12.11%	14.71%	7.45%
S&P 500 Value	-0.51%	11.14%	17.07%	17.77%	3.60%
S&P MidCap 400 Growth	0.00%	10.82%	15.23%	17.62%	10.73%
S&P MidCap 400 Value	-0.37%	13.30%	20.93%	19.10%	9.23%
S&P SmallCap 600 Growth	-0.44%	11.16%	16.69%	15.27%	10.25%
S&P SmallCap 600 Value	-0.71%	11.22%	18.72%	18.88%	8.56%
MSCI EAFE	-1.48%	5.71%	12.13%	17.32%	0.12%
MSCI World (ex US)	-1.68%	3.07%	8.50%	16.83%	0.51%
MSCI World	-0.80%	7.46%	12.37%	15.83%	2.63%
MSCI Emerging Markets	-2.52%	-3.48%	0.18%	18.22%	1.69%

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 3/22/13.

S&P Sector Performance

Index	Week	YTD	12-mo.	2012	5-yr.
Consumer Discretionary	0.03%	11.27%	20.39%	24.14%	13.00%
Consumer Staples	2.10%	13.19%	20.69%	11.08%	10.41%
Energy	-0.96%	9.45%	10.79%	4.64%	3.57%
Financials	-1.45%	11.24%	19.06%	28.92%	-5.23%
Health Care	0.48%	13.08%	25.88%	17.89%	9.83%
Industrials	-0.86%	10.36%	15.41%	15.42%	4.12%
Information Technology	-0.34%	4.21%	-0.55%	14.82%	7.83%
Materials	-1.95%	4.31%	9.42%	15.24%	2.99%
Telecom Services	1.05%	9.03%	23.87%	18.31%	7.99%
Utilities	0.12%	10.31%	15.14%	1.31%	4.71%

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 3/22/13.

Bond Index Performance

Index	Week	YTD	12-mo.	2012	5-yr.
U.S. Treasury: Intermediate	0.18%	-0.02%	2.48%	1.71%	3.60%
GNMA 30 Year	0.04%	-0.40%	1.74%	2.44%	5.37%
U.S. Aggregate	0.23%	-0.27%	3.88%	4.21%	5.38%
U.S. Corporate High Yield	0.08%	2.74%	13.03%	15.81%	11.82%
U.S. Corporate Investment Grade	0.35%	-0.23%	7.68%	9.82%	7.74%
Municipal Bond: Long Bond (22+)	0.21%	0.29%	7.87%	11.26%	7.31%
Global Aggregate	0.34%	-2.02%	2.01%	4.32%	3.81%

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 3/22/13.

Key Rates

As of 3/22/13

Fed Funds	0.00-0.25%	5-yr CD	1.21%
LIBOR (1-month)	0.20%	2-yr T-Note	0.25%
CPI - Headline	2.00%	5-yr T-Note	0.80%
CPI - Core	2.00%	10-yr T-Note	1.93%
Money Market Accts.	0.49%	30-yr T-Bond	3.15%
Money Market Funds	0.02%	30-yr Mortgage	3.73%
6-mo CD	0.34%	Prime Rate	3.25%
1-yr CD	0.51%	Bond Buyer 40	4.15%

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

Market Indicators

As of 3/22/13

TED Spread	21 bps
Investment Grade Spread (A2)	174 bps
ML High Yield Master II Index Spread	478 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 3/13/13

	Current Week		Previous	
Domestic Equity	$849	Million	-$578	Million
Foreign Equity	$3.012	Billion	$3.519	Billion
Taxable Bond	$1.973	Billion	$6.056	Billion
Municipal Bond	-$335	Million	$361	Million

Change in Money Market Fund Assets for the Week Ended 3/20/13

	Current Week		Previous	
Retail	$1.47	Billion	-$1.36	Billion
Institutional	-$27.96	Billion	$6.68	Billion

Source: Investment Company Institute

Factoids for the week of March 18 - 22, 2013

Monday, March 18, 2013

Nearly one in three employees claim they took a hardship loan or distribution from their 401(k) retirement account in 2012, up from one in four in 2011, according to *Bloomberg Businessweek*. Forty-five percent of employees earning $35,000 to $60,000 said they had to tap their 401(k) accounts for cash, compared to just 11% for those earning over $200,000. Workers aged 30 to 44 reported a big increase for hardship loans and distributions, rising from 27% in 2011 to 37% in 2012.

Tuesday, March 19, 2013

The Federal Deposit Insurance Corporation (FDIC) reported that four U.S. banks have failed so far in 2013. At the current pace, the number of bank failures would reach 20 by year-end, well below the 51 failures in 2012 and the 92 closures in 2011. The FDIC's list of "problem banks" fell from 694 in Q3'12 to 651 in Q4'12, the smallest number since the peak of 888 following the financial crisis, according to the *Los Angeles Times*. There are over 7,000 FDIC-insured institutions. The FDIC announced last month that U.S. banks reported $141.3 billion in aggregate net income in 2012, the second-highest total on record. Year-to-date through 3/18, the S&P 500 Banks Index posted a total return of 10.49%, compared to 9.35% for the S&P 500.

Wednesday, March 20, 2013

Spectrem Group's February survey of high-net-worth individuals ("Millionaire Corner") found that 30% of millionaire investors are looking to invest in ETFs over the next 12 months, up from 10% in August 2012, according to ETFTrends.com. The share of individuals with investable assets ranging from $500,000 to $1 million that have invested in ETFs currently stands at 14%. Total assets invested in U.S.-listed ETFs just hit a record-high of $1.44 trillion. The increased interest in ETFs might be linked to the willingness of investors to assume more risk, based on the surge in cash inflows into equity-based products the first two months of 2013. On a global basis, net inflows to ETFs and ETPs totaled $49.1 billion through February, with $45.1 billion going into equity-based products. The amount of assets invested in ETFs and ETPs globally is $2.04 trillion, according to research firm ETFGI.

Thursday, March 21, 2013

Total cash holdings of the nonfinancial companies in the S&P 500 reached $1.19 trillion in Q4'12, up from approximately $1.05 trillion in Q3'12, according to S&P Capital IQ. Cash holdings have climbed by 76% since the end of Q3'07. Moody's estimates that 68% of all of the cash held by U.S. companies is parked overseas, according to the *Los Angeles Times*. One of the reasons why companies have been able to grow their cash positions, even after boosting dividend payouts and expanding stock buyback programs, is because they are operating with greater efficiency. Companies are producing more with less workers. Profit per employee has grown from $15,973.05 in 2005 to $19,496.49 in 2012, according to data from Sageworks.

Friday, March 22, 2013

S&P Dow Jones Indices just released data showing that the average per capita cost of health care services covered by commercial insurance and Medicare programs increased by 3.83% for the 12-month period ended January 2013, up from the 3.72% rolling 12-month increase registered in December 2012, according to its own S&P Healthcare Economic Composite Index. In February, the Congressional Budget Office estimated that the Affordable Care Act ("Obamacare") will cost an estimated $1.3 trillion over the next 10 years, up from an earlier estimate of $1.17 trillion in August 2012. While many sectors in the S&P 500 are still trading well below their respective 10-year highs, the price value of the S&P 500 Health Care Index set an all-time high of 520.20 on March 14, 2013.