

Open-End Net Fund Flows (\$)	12/18	11/18	YTD (Dec)
Equity	-89.35B	-25.78B	-260.52B
Taxable Bond	-63.58B	-21.25B	-2.35B
Municipal Bond	-1.98B	-4.86B	4.18B
Hybrid	-28.25B	-12.41B	-91.02B
Taxable Money Market	62.65B	72.60B	146.13B

Key Interest Rates	1/31/19	12/31/18	1/31/18
Federal Funds Target Rate	2.50%	2.50%	1.50%
ICE LIBOR (3-Month)	2.74%	2.81%	1.78%
2-Year T-Note	2.46%	2.49%	2.14%
10-Year T-Note	2.63%	2.69%	2.71%
Bond Buyer 40	4.08%	4.09%	3.95%

Commodities/U.S. Dollar	1/19	YTD	12 Mo.
U.S. Dollar Index (DXY)	-0.61%	-0.61%	7.24%
TR/CC CRB Commodity Index	5.80%	5.80%	-8.99%
Crude Oil (Barrel)	18.45%	18.45%	-16.90%
Natural Gas (per million BTUs)	-4.42%	-4.42%	-6.33%
Gold Bullion (Ounce)	3.00%	3.00%	-1.44%

## Total Return Performance

U.S. Stock Indices	1/19	YTD	12 Mo.
S&P 500	8.01%	8.01%	-2.32%
DJIA	7.29%	7.29%	-2.19%
NASDAQ 100	9.16%	9.16%	0.46%
S&P MidCap 400	10.46%	10.46%	-4.54%
Russell 2000	11.25%	11.25%	-3.54%
Russell 3000	8.58%	8.58%	-2.27%

U.S. Styles/Market Caps	1/19	YTD	12 Mo.
S&P 500 Growth	7.51%	7.51%	0.25%
S&P 500 Value	8.57%	8.57%	-5.10%
S&P MidCap 400 Growth	9.30%	9.30%	-6.08%
S&P MidCap 400 Value	11.70%	11.70%	-2.87%
Russell 2000 Growth	11.55%	11.55%	-2.67%
Russell 2000 Value	10.93%	10.93%	-4.50%

Foreign Stock Indices (USD)	1/19	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	7.14%	7.14%	-12.06%
MSCI Emerging Markets NET	8.76%	8.76%	-14.24%
MSCI Europe NET	6.59%	6.59%	-13.91%
MSCI BRIC NET	9.84%	9.84%	-14.68%
MSCI EM Latin America NET	14.95%	14.95%	-5.09%
Nikkei 225	5.32%	5.32%	-7.86%

Barclays Bond Indices	1/19	YTD	12 Mo.
U.S. Treasury: Intermediate	0.43%	0.43%	2.85%
GNMA 30 Year	0.82%	0.82%	2.98%
Municipal Bond (22+)	0.56%	0.56%	2.79%
U.S. Aggregate	1.06%	1.06%	2.25%
Intermediate Corporate	1.79%	1.79%	2.36%
U.S. Corporate High Yield	4.52%	4.52%	1.73%
Global Aggregate	1.52%	1.52%	-0.88%
EM Hard Currency Aggregate	3.04%	3.04%	-0.38%

Sources: Bloomberg, Barclays, Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.

## Climate

There was no drop-off in job creation in the U.S. in January. After revisions, the nonfarm payroll number came in at 304,000, according to the Bureau of Labor Statistics (BLS). As of the most recent JOLTS (Job Openings and Labor Turnover Survey) in November 2018, there were 6.89 million jobs available in the U.S., down from the all-time high of 7.29 million in August 2018, but significantly above the 4.19 million average since the survey's inception in December 2000, according to seasonally adjusted data from the BLS. The Conference Board's Consumer Confidence Index stood at a reading of 120.20 in January 2019, well below its all-time high of 144.71 registered in January 2000, yet well above its average reading of 94.18 since its inception in February 1967, according to data from the Conference Board. The NFIB Small Business Optimism Index stood at a reading of 104.4 in December 2018 (most recent), a bit below its all-time high of 108.8 registered in August 2018, but above its average reading of 98.2 since its inception in October 1974, according to data from the National Federation of Independent Business. The CEO Confidence Index, which measures confidence levels looking out 12 months, stood at a reading of 6.60 in January 2019, below its all-time high of 7.94 registered in January 2004, but above its average reading of 5.90 since its inception in October 2002, according to data from *Chief Executive*. These key sentiment levels may not be sitting at all-time highs, but they are comfortably above their respective historical averages.

## Stock Market

The S&P 500 Index ("index") closed at 2,704.10 on 1/31/19, 7.73% below its all-time high of 2,930.75 set on 9/20/18, according to Bloomberg. The index posted a total return of 8.01% in January, a sharp rebound from last month's total return of -9.03%. All 11 major sectors that comprise the index were up on a total return basis. The top-performer was Industrials, up 11.41%, while the worst showing came from Utilities, up 3.43%. A Bloomberg survey of 24 equity strategists found that their average year-end price target for the S&P 500 Index was 2,906 as of 1/10/19, according to its own release. The highest estimate was 3,250, while the lowest was 2,390. Brian Wesbury, Chief Economist at First Trust Advisors L.P., has a target of 3,100. JPMorgan estimates that S&P 500 companies will spend \$800 billion on stock buybacks and \$500 billion on dividends in 2019, in line with last year's totals, according to Bloomberg. In 2018, the share of stock buybacks financed by debt stood at 14% (lowest level since 2009), down from a record high of 34% in 2017, according to data from JPMorgan. Total global dividend payouts are expected to rise 6.0% year-over-year to a record \$1.81 trillion in 2019, according to business information provider IHS Markit. Dividend-paying companies in the U.S. are expected to increase distributions by 8.1%. On a sector basis, banks are projected to remain the top dividend payers in 2019, with an estimate of \$288.22 billion, up from \$270.26 billion in 2018. U.S. banks are expected to post a dividend growth rate of 16.1%, the highest in the global banking sector. On a percentage basis, the major foreign stock indices bounced back nearly as strong as the domestic stock indices in January.

## Bond Market

The yield on the benchmark 10-year Treasury note (T-note) closed trading on 1/31/19 at 2.63%, down 6 basis points (bps) from its 2.69% close on 12/31/18, according to Bloomberg. The yield stood 12 bps above its 2.51% average for the 10-year period ended 1/31/19. The European Central Bank announced on 1/24/19 its intention to keep its interest rates at record lows at least through the summer due to some concern over the region's growth outlook, according to Bloomberg. This may have helped push the yield lower on the U.S. 10-year T-note by a few basis points in the last week of January. Perhaps the biggest story in January was the sharp rebound in speculative-grade bond prices (see Barclays Bond Indices).

## Takeaway

After December's brutal beatdown in the stock market, which may have been exacerbated by year-end tax selling, investors wasted little time funneling capital back into equities after the Federal Reserve reassured investors that it intends to employ patience with respect to any further tightening of its monetary policy. The fact that the U.S. and China held high-level trade talks in January also boosted investor morale, in our opinion. A new trade deal with China could be a positive catalyst for stocks in 2019. The 90-day truce on tariffs expires on 3/2/19.

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	2930.75	9/20/2018	676.53	3/9/2009	2704.10	-7.73%	8.01%	2.00%
S&P 500 Growth	1785.51	10/1/2018	363.99	3/9/2009	1623.78	-9.06%	7.51%	1.53%
S&P 500 Value	1195.51	1/26/2018	307.16	3/9/2009	1083.65	-9.36%	8.57%	2.53%
S&P MidCap 400	2050.23	8/29/2018	404.62	3/9/2009	1835.39	-10.48%	10.46%	1.74%
S&P MidCap 400 Growth	962.51	9/14/2018	177.31	3/9/2009	847.36	-11.96%	9.30%	1.43%
S&P MidCap 400 Value	680.56	8/29/2018	144.98	3/9/2009	617.55	-9.26%	11.70%	2.07%
S&P 100	1302.80	10/3/2018	322.13	3/9/2009	1191.68	-8.53%	7.18%	2.12%
DJIA	26828.39	10/3/2018	6547.05	3/9/2009	24999.67	-6.82%	7.29%	2.28%
NASDAQ 100	7660.18	8/29/2018	1043.87	3/9/2009	6906.84	-9.83%	9.16%	1.10%
Russell 2000	1740.75	8/31/2018	343.26	3/9/2009	1499.42	-13.86%	11.25%	1.51%
Russell 2000 Growth	1117.18	8/31/2018	190.73	3/9/2009	950.92	-14.88%	11.55%	0.75%
Russell 2000 Value	2049.42	8/22/2018	469.32	3/9/2009	1783.20	-12.99%	10.93%	2.30%
Russell 3000	1737.97	9/20/2018	389.61	3/9/2009	1596.54	-8.14%	8.58%	2.00%
MSCI World Net (ex U.S.) (USD)	6487.64	1/25/2018	2131.84	3/9/2009	5619.52	-13.38%	7.14%	3.56%
MSCI Emerging Markets Net (USD)	573.23	1/26/2018	172.98	3/2/2009	484.49	-15.48%	8.76%	2.80%
Ibovespa/Brazil (USD)	43619.40	4/8/2011	9077.09	1/21/2016	26671.53	-38.85%	17.58%	3.17%
RTS/Russia (USD)	2123.56	4/8/2011	508.25	2/2/2009	1214.45	-42.81%	13.94%	5.63%
S&P BSE 500/India (USD)	245.12	1/24/2018	57.52	3/9/2009	201.30	-17.87%	-3.51%	1.37%
Shanghai Composite/China (USD)	832.07	6/12/2015	293.73	2/2/2009	385.73	-53.64%	6.39%	2.61%
KOSPI/South Korea (USD)	2.42	1/29/2018	0.65	3/2/2009	1.98	-18.31%	8.18%	1.90%
Hang Seng (USD)	4241.01	1/26/2018	1462.65	3/9/2009	3560.96	-16.04%	7.94%	3.59%
MSCI Euro (USD)	1544.35	1/26/2018	682.47	3/9/2009	1236.69	-19.92%	6.03%	3.74%
S&P 500 Consumer Discretionary	939.41	9/27/2018	125.72	3/9/2009	861.45	-8.30%	10.30%	1.29%
S&P 500 Consumer Staples	605.24	1/26/2018	199.80	3/9/2009	547.94	-9.47%	5.19%	3.07%
S&P 500 Energy	737.09	6/23/2014	304.81	3/5/2009	470.81	-36.13%	11.11%	3.34%
S&P 500 Utilities	287.82	11/14/2017	113.81	3/9/2009	277.67	-3.53%	3.43%	3.41%
S&P 500 Financials	501.29	1/26/2018	81.74	3/6/2009	429.90	-14.24%	8.84%	2.07%
S&P 500 Banks	372.05	2/1/2018	49.02	3/5/2009	310.23	-16.62%	11.86%	2.61%
FTSE NAREIT All Equity REITs	725.61	8/1/2016	163.57	3/6/2009	700.60	-3.45%	11.58%	3.95%
S&P 500 Health Care	1107.28	10/1/2018	252.84	3/5/2009	1047.87	-5.37%	4.84%	1.68%
S&P 500 Pharmaceuticals	723.95	11/30/2018	214.50	3/3/2009	670.36	-7.40%	0.79%	2.59%
NYSE Arca Biotechnology	5400.34	9/27/2018	541.77	3/9/2009	4888.02	-9.49%	15.81%	0.31%
S&P 500 Information Technology	1332.87	10/3/2018	199.62	3/9/2009	1163.16	-12.73%	6.96%	1.60%
Philadelphia Semiconductor	1445.90	3/12/2018	188.97	3/2/2009	1272.09	-12.02%	10.19%	1.93%
S&P 500 Telecom Services	183.85	7/1/2016	88.10	3/9/2009	152.75	-16.92%	10.37%	1.49%
S&P 500 Industrials	678.74	1/26/2018	132.83	3/9/2009	603.74	-11.05%	11.41%	2.07%
S&P 500 Materials	401.59	1/26/2018	108.33	3/2/2009	333.98	-16.83%	5.49%	2.21%
Philadelphia Gold & Silver	228.95	4/8/2011	38.84	1/19/2016	76.30	-66.67%	8.03%	0.79%
TR/CC CRB Commodity	370.56	4/29/2011	155.01	2/11/2016	179.64	-51.52%	5.79%	N/A
ICE BofAML Perpetual Preferred	259.60	8/30/2018	51.79	3/9/2009	257.94	-0.64%	5.18%	5.91%
ICE BofAML U.S. High Yield Constrained	429.18	10/2/2018	141.21	3/9/2009	426.94	-0.52%	4.59%	7.13%

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