FIRST TRUST
ADVISORS L.P.
1001 Warrenville Road, Suite 300, Lisle, Illinois 60532 630/241-4141

Weekly Market Update

For the week ended October 13, 2006

US Stocks	
Weekly Index Performance	
DJIA:	11960.50 (+110.30,+0.9%)
S&P 500:	1365.62 (+16.04,+1.2%)
S&P MidCap:	784.65 (+20.55,+2.7%)
S&P SmallCap:	388.79 (+11.42,+3.0%)
Nasdaq Comp:	2357.29 (+57.30,+2.5%)
Russell 2000:	762.65 (+22.84,+3.1%)
Market Indicators	
Strong Sectors:	Technology, Materials, Telecom
Weak Sectors:	Health Care, Consumer Staples, Financials
NYSE Advance/Decline:	2,507 / 1,011
NYSE New Highs/New Lows:	558 / 25
AAII Bulls/Bears:	49.0% / 37.8%

US stocks posted a third consecutive week of gains as the first wave of earnings reports were generally better than expected. Equities shook off weakness early Monday following North Korea's claims of a successful nuclear test. Hawkish comments by several Fed officials throughout the week also failed to deter equity buyers. The Dow Industrials continued setting new highs, ending the week just 0.3% shy of 12,000. Falling gasoline prices led to stronger than expected September retail sales and consumer sentiment reports helping renew faith in the strength of consumer spending. Consumer strength was further validated by strong earnings from **Costco** and **Yum! Brands**. **Pepsi** also reported earnings ahead of expectations, while **McDonalds** pre-announced earnings will be ahead of forecasts. **Alcoa** and **Genentech** were among the notables that issued disappointing earnings. **General Electric** shares fell modestly Friday despite reporting in-line earnings. **Legg Mason** shares plummeted following an earning warning. Online brokers took a hit following an announcement by **Bank of America** that it will soon offer free trading to eligible customers. In merger news, **Google** shares rose following a definitive agreement to acquire rapidly growing video sharing site **YouTube** for over $1.6 billion. Looking ahead, earnings season begins in earnest this week as over 20% of the S&P 500 is scheduled to report earnings. September CPI and PPI reports will also be closely watched for signs of accelerating inflation. While equity valuations are attractive and corporate profit growth remains strong, equity performance could be volatile over the coming weeks as investors react to the latest earnings report.

US Economy and Credit Markets	
Yields and Weekly Changes:	
3 Mo. T-Bill:	5.04% (+11 bps)
6 Mo. T-Bill:	5.12% (+09 bps)
2 Yr. T-Note:	4.86% (+13 bps)
3 Yr. T-Note:	4.79% (+12 bps)
5 Yr. T-Note:	4.76% (+12 bps)
10 Yr. T-Note:	4.80% (+11 bps)
30 Yr. T-Bond:	4.93% (+10 bps)
GNMA (30 Yr) 8% Coupon:	105-12/32 (6.34%)
Duration:	3.27 years
30 Year Insured Revs:	87.4% of 30 Yr. T-Bond
Bond Buyer 40 Yield:	4.74% (+02 bps)
Goldman Sachs Commodity Index:	5801.24 (+11.47)
Merrill Lynch High Yield Indices:	
BB, 7-10 Yr.	7.36% (-01 bps)
B, 7-10 Yr.	8.26% (-04 bps)

Treasury prices fell on the week as positive news from the economy pushed yields higher. When the bond market reopened Tuesday following the Columbus Day holiday, prices declined for the third straight session as traders speculated that the week's economic news would be surprisingly strong. The release of the minutes of last month's FOMC meeting -- which showed ongoing concerns about inflation -- pushed prices lower again Wednesday. Treasuries were steady Thursday as the Fed's Beige Book showed that, on the whole, the economy continues to expand. This supported the view that interest rates should remain steady for the near future. Unexpectedly strong retail sales and a jump in consumer sentiment helped move prices down again to close the week on Friday. Initial jobless claims rose slightly, though less than forecasts, while the four-week moving average declined slightly. Economic reports (and related consensus forecasts) for the coming week include: Tuesday: September Producer Price Index (-0.7%, less Food & Energy 0.2%) and September Industrial Production (-0.1%) and Capacity Utilization (82.2%); Wednesday: September Consumer Price Index (-0.3%, less Food & Energy 0.2%) and September Housing Starts (1,640,000); and Thursday: Initial Jobless Claims (310,000), September Leading Indicators (0.3%), and October Philadelphia Fed report (7.0.).

Source: Bloomberg and Barron's