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

Weekly Market Update

For the week ended December 8, 2006

US Stocks	
Weekly Index Performance	
DJIA:	12307.49 (+113.36,+0.9%)
S&P 500:	1409.84 (+13.13,+0.9%)
S&P MidCap:	816.04 (+6.76,+0.8%)
S&P SmallCap:	403.98 (+5.27,+1.3%)
Nasdaq Comp:	2437.36 (+24.15,+1.0%)
Russell 2000:	792.56 (+11.39,+1.5%)
Market Indicators	
Strong Sectors:	Materials, Consumer Staples, Financials
Weak Sectors:	Energy, Utilities, Health Care
NYSE Advance/Decline:	2,381 / 1,153
NYSE New Highs/New Lows:	936 / 21
AAII Bulls/Bears:	38.9% / 41.6%

U.S. stocks posted solid gains last week as encouraging economic data and continued merger activity gave investors reason to pick up stocks on their shopping lists. November payrolls and non-manufacturing ISM both came in stronger than expected while wage inflation was lower than expected boosting the hopes of those calling for a soft landing. Monday was another busy day in M&A, with over $24 billion in deals announced. The day's biggest deal was **Bank of New York's** $16.5 billion offer for **Mellon**. Also announced was a $4.7 billion deal to take **Station Casinos** private and a $3.5 billion offer by **LSI Logic** for **Agere Systems**. **Yahoo** announced a realignment of operating units and reshuffled its executive ranks though the stock did not respond. **Pfizer** shocked investors by suddenly ending Phase III trials of its most promising drug, Torcetrapib, sending its shares 10% lower for the week. Homebuilder's shares were boosted midweek after **Toll Brothers** CEO said he has seen signs of stabilization in certain markets only to fall on analyst downgrades later in the week. **Kroger** reported strong quarterly earnings and boosted it forecast for the year. **Merck** and **Lilly** both reaffirmed their forecasts for 2007 at analyst meetings held during the week. Looking ahead, the Fed meeting on Tuesday will be the week's headline event although no change in rates is expected. As we head into the final weeks of the year stocks are poised to post a fourth consecutive winning year. While acknowledging the risks in the market, equities should continue to reward diversified investors with appropriate expectations into the new year.

US Economy and Credit Markets	
Yields and Weekly Changes:	
3 Mo. T-Bill:	4.95% (-06 bps)
6 Mo. T-Bill:	5.05% (+02 bps)
2 Yr. T-Note:	4.67% (+15 bps)
3 Yr. T-Note:	4.56% (+14 bps)
5 Yr. T-Note:	4.52% (+14 bps)
10 Yr. T-Note:	4.55% (+12 bps)
30 Yr. T-Bond:	4.66% (+12 bps)
GNMA (30 Yr) 8% Coupon:	104-7/32 (6.64%)
Duration:	3.13 years
30 Year Insured Revs:	88.4% of 30 Yr. T-Bond
Bond Buyer 40 Yield:	4.56% (+05 bps)
Goldman Sachs Commodity Index:	5836.76 (-206.82)
Merrill Lynch High Yield Indices:	
BB, 7-10 Yr.	6.98% (-03 bps)
B, 7-10 Yr.	8.07% (-09 bps)

Prices for Treasury notes and bonds fell across the board, experiencing their sharpest weekly drop since June. While the news from the economy was mixed for the week, the decline was fueled in large part by Friday's employment report for November. While the consensus forecast called for an increase in nonfarm payrolls of just in excess of 100,000 jobs, the report showed an increase of 132,000. In addition, September and October reports were revised upward by a combined 42,000 jobs. Elsewhere, the ISM index of the service sector increased in the face of forecasts of a decline. In addition, factory goods orders fell by more than expected, although the drop-off was not nearly as sharp when transportation is excluded. Economic reports (and related consensus forecasts) for the coming week include: Monday: October Wholesale Inventories (0.5%); Tuesday: October Trade Balance (-$63.0 billion), November Monthly Budget Statement (-$72.8 billion), and FOMC Rate Decision Expected (5.25%); Wednesday: November Advance Retail Sales (0.2%, less Autos 0.3%) and October Business Inventories (0.4%); Thursday: November Import Price Index (unch.) and Initial Jobless Claims (320,000); and Friday: November Consumer Price Index (0.2%, less food & energy 0.2%) and November Industrial Production (0.1%) and Capacity Utilization (82.2%).

Source: Bloomberg and Barron's