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

For The Week Ended November 2, 2007
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	3.59 (-25 bps)	**GNMA (30 Yr) 8% Coupon:**	104-26/32 (6.02%)
6 Mo. T-Bill	3.79 (-24 bps)	**Duration:**	3.02 years
2 Yr. T-Note	3.67 (-10 bps)	**30-Year Insured Revs**	97.8% of 30 Yr. T-Bond
3 Yr. T-Note	3.65 (-11 bps)	**Bond Buyer 40 Yield**	4.80% (+03 bps)
5 Yr. T-Note	3.95 (-09 bps)	**Crude Oil Futures**	95.93 (+4.07)
10 Yr. T-Note	4.31 (-08 bps)	**Gold Futures**	808.50 (+24.60)
30 Yr. T-Bond	4.61 (-08 bps)	**Merrill Lynch High Yield Indices:**	
		BB, 7-10 Yr.	7.55% (+04 bps)
		B, 7-10 Yr.	8.75% (+11 bps)

As the Fed cut rates for just the second time in more than four years, Treasury prices climbed for the week. As anticipated, the central bank cut its target rate by 25 bps, leaving it at 4.50%. The accompanying statement noted that the risks between inflation and growth are "roughly" in balance, which was widely interpreted as a signal that another cut is unlikely in the short term. While most of the news from the economy for the week was positive, there was still demand for the safety of Treasurys as losses in the financial sector continue to loom. The employment report for October showed growth in nonfarm payrolls of 166,000, well above expectations. Third quarter GDP similarly exceeded forecasts, growing at an annualized rate of 3.9%, as opposed to the consensus expectation of 3.1%. Economic reports (and related consensus forecasts) for the coming week include: Monday: October ISM Non-Manufacturing (54.0); Wednesday: 3Q Preliminary Nonfarm Productivity (3.1%) and Unit Labor Costs (1.1%), September Wholesale Inventories (0.2%), and September Consumer Credit ($9.0 billion); Thursday: Initial Jobless Claims (325,000); and Friday: September Trade Balance (-$58.5 billion), October Import Price Index (1.1%), and November Preliminary U of Michigan Consumer Confidence (80.0).

US Stocks:

Weekly Index Performance

DJIA	13595.10 (-211.60,-1.5%)
S&P 500	1509.65 (-25.63,-1.7%)
S&P MidCap	886.52 (-8.77,-1.0%)
S&P Small Cap	413.87 (-14.16,-3.3%)
NASDAQ Comp	2810.38 (+6.19,+0.2%)
Russell 2000	797.78 (-23.61,-2.9%)

Market Indicators

Strong Sectors: Technology, Utilities, Industrials, Precious Metals
Weak Sectors: Financials, Telecom Svcs., Retail, Homebuilders
NYSE Advance/Decline: 1,179 / 2,350
NYSE New Highs/New Lows: 465 / 332
AAII Bulls/Bears: 44.7% / 36.5%

US stocks fell on concern conditions in credit and housing markets would continue to deteriorate, possibly threatening the economy. Stocks on Thursday suffered their third-worst losses this year, a day after the Federal Reserve cut interest rates a quarter-point as expected. The Fed in its statement conditioned investors to expect no further easing near-term, a stance that was supported by a robust report on third quarter GDP and a much stronger-than-expected October payrolls report. Still, the week's economic data overall was mixed, adding to the cross-currents affecting trading. Behind Thursday's decline were analysts' downgrades of **Citigroup** and an earnings shortfall delivered by **ExxonMobil**. On Friday, stocks recovered from early losses to finish marginally higher. **Merrill Lynch** shares fell 13% to a two-year low as investors contemplated further write-downs of hard-to-value CDO's and dubious off-balance-sheet transactions by the bank. Citi's shares hit a 4-and-a-half year low, though anticipation of a change in leadership sent shares higher after the market closed Friday. **Mastercard**'s shares soared after the company posted blowout results. Meanwhile, technology shares continued to stand out for their attractive earnings prospects. **Western Digital** was the latest tech firm to report a strong quarter. **Google** shares passed $700 on news it may enter the wireless business partnered with **Sprint** and/or **Verizon**. Elsewhere, **Procter & Gamble** warned of pressure on profits due to increasing costs for energy and materials. Crude oil futures gained on supply worries. Gold futures topped $800 on the way to a 28-year high. Investors will likely tread carefully in the financial sector for the time being, but attractive fundamentals in other sectors of the market make equities overall a solid bet for the weeks and months ahead.