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

Weekly Market Update

For the week ended
March 30, 2007

US Stocks	
Weekly Index Performance	
DJIA:	12354.35 (-126.66,-1.0%)
S&P 500:	1420.86 (-15.25,-1.1%)
S&P MidCap:	848.47 (-7.21,-0.8%)
S&P SmallCap:	411.92 (-4.24,-1.0%)
Nasdaq Comp:	2421.64 (-27.29,-1.1%)
Russell 2000:	800.71 (-8.80,-1.1%)
Market Indicators	
Strong Sectors:	Telecom, Energy, Utilities Svcs.
Weak Sectors:	Industrials, Financials, Home Builders
NYSE Advance/Decline:	1,540 / 1,963
NYSE New Highs/New Lows:	357 / 57
AAII Bulls/Bears:	42.7% / 25.6%

US stocks faded to end the month (and quarter) as the outlook for immediate rate cuts dimmed and economic data revealed slowing growth. Despite the late February sell-off, most broad market averages ended the 1st quarter in positive territory with mid-caps being the standout performer. For the 1st quarter, the S&P 500, S&P Midcap 400 and S&P Smallcap 600 returned 0.6%, 5.8% and 3.2%, respectively. The Dow Industrials was the only major market average in negative territory with a return of -0.3%. Chairman Bernanke's comments to Congress midweek that inflation concerns remain a top priority removed recently growing market hopes that the Fed's next move would be to lower rates. New home sales fell to the lowest level in seven years and supply continued to grow battering the shares of homebuilders. In addition, **Beazer Homes** revealed it received a subpoena from the US Attorney's office related to an investigation of its mortgage business. Energy shares were stronger after oil climbed above $66/bbl to a six month high as tensions increased with Iran. **Dell** shares fell Friday after the company delayed its 10-K filing due to an internal investigation that revealed accounting misconduct and errors. In merger news, **US Steel** will buy **Lone Star Technologies** for $2.1 billion. Looking ahead, earnings season will soon be upon us and expectations are for year-over-year earnings growth of 10%, the slowest pace in almost four years. Reasonable valuations and ample liquidity should continue to provide support for an equity market that has shown resiliency in the face of recent turmoil. Increased volatility is likely however if corporations become more guarded in their outlook for the remainder of the year.

.

US Economy and Credit Markets	
Yields and Weekly Changes:	
3 Mo. T-Bill:	5.02% (-02 bps)
6 Mo. T-Bill:	5.05% (-03 bps.)
2 Yr. T-Note:	4.57% (-03 bps)
3 Yr. T-Note:	4.53% (+01 bps)
5 Yr. T-Note:	4.53% (+02 bps)
10 Yr. T-Note:	4.64% (+03 bps)
30 Yr. T-Bond:	4.84% (+04 bps)
GNMA (30 Yr) 8% Coupon:	103-26/32 (6.81%)
Duration:	3.23 years
30 Year Insured Revs:	90.3% of 30 Yr. T-Bond
Bond Buyer 40 Yield:	4.61% (+05 bps)
Goldman Sachs Commodity Index:	5920.55 (+241.72)
Merrill Lynch High Yield Indices:	
BB, 7-10 Yr.	7.00% (+03 bps)
B, 7-10 Yr.	7.96% (+01 bps)

Treasury prices were mixed for the week, with 2-year notes and T-Bills rising, but longer-term notes and bonds showing a decline. Monday's report that new home sales hit their lowest level in seven years helped prices increase to open the week. Speeches by Fed officials, including Chairman Ben Bernanke, regarding the central bank's ongoing concerns with inflation drove prices down both Tuesday and Wednesday. Wednesday's loss came despite early gains rising out of a weaker than expected durable goods report. Government debt rebounded Thursday as fourth quarter GDP was revised higher. Prices were essentially unchanged Friday despite significant intraday moves; the safe-haven bid in light of the conflict between Iran and Great Britain was offset by strong manufacturing data and inflation fears. Economic reports (and related consensus forecasts) for the coming week include: Monday: March ISM Manufacturing (51.1, Prices Paid 58.4); Tuesday: March Total Vehicle Sales (16.6 million); Wednesday: February Factory Orders (1.8%) and March ISM Non-Manufacturing (55.0); Thursday: Initial Jobless Claims (315,000); and Friday: March Employment Report, including Change in Nonfarm Payrolls (130,000), Unemployment Rate (4.6%), Average Hourly Earnings(0.3%), and Average Weekly Hours (33.8), February Wholesale Inventories (0.4%), and February Consumer Credit ($5.0 billion).

Source: Bloomberg and Barron's