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

Weekly Market Update

For the week ended June 8, 2007

US Stocks	
Weekly Index Performance	
DJIA:	13424.39 (-243.72, -1.8%)
S&P 500:	1507.67 (-28.67, -1.9%)
S&P MidCap:	899.18 (-22.59, -2.5%)
S&P SmallCap:	432.24 (-11.06, -2.5%)
Nasdaq Comp:	2573.54 (-40.38, -1.5%)
Russell 2000:	835.31 (-18.10, -2.1%)
Market Indicators	
Strong Sectors:	Technology, Telecom Svcs., Aerospace & Defense, Energy
Weak Sectors:	Utilities, Mining & Metals, REIT's, Drugs, Transports
NYSE Advance/Decline:	621 / 2,904
NYSE New Highs/New Lows:	482 / 150
AAII Bulls/Bears:	40.6% / 42.6%

US stocks fell due to a mid-week swoon brought on by a re-evaluation of the outlook for interest rates and the economy. Inflation fears were stoked by economic data and by the European Central Bank's move to raise interest rates to a six-year high. Investors abandoned expectations a US rate cut would soon be forthcoming. Stocks lost some relative attractiveness as bond yields rose sharply. The trading week concluded with a strong rally Friday fuelled by dip-buying. Interest-rate sensitive issues including utilities and REIT's stood out to the downside. Retail sales figures for May were slightly disappointing after a weak April. **Saks** enjoyed a good month, but **J.C. Penney** and **Macy's** did not. **Bed, Bath and Beyond** warned of weaker profits for the first time as a public company. **McDonald's** reported its largest monthly gain in same-store sales in over three years. Semiconductor shares made headlines, both for **National Semi's** earnings beat and for a trade ruling on cell-phone chips that went for **Broadcom** and against **Qualcomm**. **Apple** shares marched higher. **Flextronics** announced a deal to acquire **Solectron** for $3.6 billion. Looking ahead, the coming week brings readings on producer and consumer prices and earnings reports from **Lehman Brothers**, **Bear Stearns** and **Goldman Sachs**. The inflation data could help determine whether last week's action signals a new corrective phase for the stock market or just a hiccup on the way to new highs. Modest expectations for corporate profit growth and abundant liquidity could help to swing the balance to the latter outcome.

US Economy and Credit Markets	
Yields and Weekly Changes:	
3 Mo. T-Bill:	4.76 (-02 bps)
6 Mo. T-Bill:	4.91 (-05 bps)
2 Yr. T-Note:	4.99 (+03 bps)
3 Yr. T-Note:	5.01 (+08 bps)
5 Yr. T-Note:	5.04 (+13 bps)
10 Yr. T-Note:	5.10 (+15 bps)
30 Yr. T-Bond:	5.21 (+16 bps)
GNMA (30 Yr) 8% Coupon:	103-23/32 (6.58%)
Duration:	3.25 years
30 Year Insured Revs:	87.5% of 30 Yr. T-Bond
Bond Buyer 40 Yield:	4.86% (+11 bps)
Crude Oil Futures:	64.76 (---)
Gold Futures:	645.50 (---)
Merrill Lynch High Yield Indices:	
BB, 7-10 Yr.	7.21% (+22 bps)
B, 7-10 Yr.	7.98% (+21 bps)

Even with a small rebound on Friday, Treasurys saw their largest weekly price decline in almost 15 months. While the housing market in the U.S continues to languish, the worldwide economy continues to grow, a development that has caused traders to change their view of what action the Fed might take next. Whereas just a month ago Fed funds futures were pricing in almost a 100% chance of a quarter-point rate cut by December, the strength of the global economy means that the prevailing view now is that rates will be unchanged at year's end. The week's sharpest decline in prices occurred Thursday as the yield on the benchmark 10-year note climbed over 5 percent for the first time since last August in response to increases in central bank lending rates in New Zealand and Europe. Economic reports (and related consensus forecasts) for the coming week include: Tuesday: May Monthly Budget Statement (-$61.0 billion); Wednesday: May Import Price Index (0.3%), May Advance Retail Sales(0.7%, less Autos 0.7%), April Business Inventories (0.3%), and Fed's Beige Book released; Thursday: May Producer Price Index (0.5%, less Food & Energy 0.2%) and Initial Jobless Claims (312,000); and Friday: May Consumer Price Index (0.6%, less Food & Energy 0.2%) 1Q Current Account Balance (-$202.8 billion), May Industrial Production (0.2%) and Capacity Utilization (81.6%), and June Preliminary U of Michigan Confidence (88.0).

Source: Bloomberg and Barron's