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

For The Week Ended June 20, 2008
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	1.85 (-11 bps)	**GNMA (30 Yr) 8% Coupon:**	105-9/32 (6.02%)
6 Mo. T-Bill	2.22 (-06 bps)	**Duration:**	3.35 years
1 Yr. T-Note	2.47 (-13 bps)	**30-Year Insured Revs**:	102.5% of 30 Yr. T-Bond
2 Yr. T-Note	2.88 (-14 bps)	**Bond Buyer 40 Yield**:	5.25% (+01 bps)
5 Yr. T-Note	3.58 (-09 bps)	**Crude Oil Futures**:	134.62 (-0.08)
10 Yr. T-Bond	4.16 (-09 bps)	**Gold Futures**:	901.30 (+31.00)
30 Yr. T-Bond	4.72 (-06 bps)	**Merrill Lynch High Yield Indices:**	
		BB, 7-10 Yr.	8.27% (+04 bps)
		B, 7-10 Yr.	10.43% (+11 bps)

With prices rising in four of five trading sessions, Treasury yields fell across the yield curve as fears of weakness in the financial sector reemerged, with additional write-downs anticipated. Along with that weakness, there was decreasing sentiment that the FOMC would look to increase its target rate in the near term. Despite comments from Chairman Ben Bernanke that the Fed will “strongly resist” the anticipated rise in inflation, the return of turmoil in the financial markets caused speculation that any rate increases will be pushed back until later in the year. Those inflationary pressures were seen in the 1.4% increase in PPI in May, well above the consensus forecast of 1.0%. The core PPI, which omits energy and food prices, rose only 0.2% for the month. Also, industrial production fell by 0.2% in May, versus a predicted gain of 0.1%, while capacity utilization fell to 79.4%. Economic reports (and related consensus forecasts) for the coming week include: Wednesday: May Durable Goods Orders (unch., ex Transportation -1.0%), May New Home Sales (514,000), and FOMC Rate Decision (2.00%); Thursday: 1Q Final GDP (1.0%, Price Index 2.6%), Initial Jobless Claims (377,000), and May Existing Home Sales (4.96 million); and Friday: May Personal Income (0.4%) and Personal Spending (0.6%) and June Final U of Michigan Confidence (56.8).

US Stocks:

Weekly Index Performance

DJIA	11842.69 (-464.66,-3.8%)
S&P 500	1317.93 (-42.10,-3.1%)
S&P MidCap	854.40 (-11.23,-1.3%)
S&P Small Cap	384.45 (-2.60,-0.7%)
NASDAQ Comp	2406.09 (-48.41,-2.0%)
Russell 2000	725.73 (-7.88,-1.1%)

Market Indicators

Strong Sectors: Mining & Metals, Energy, Utilities, Transports
Weak Sectors: Financials, Telecom, Consumer Discretionary, HMO’s
NYSE Advance/Decline: 867 / 2,425
NYSE New Highs/New Lows: 159 / 366
AAII Bulls/Bears: 33.0% / 45.7%

US stocks fell led by Financials. The DJIA fell below 12,000 for the first time since March 17th. Reports from an array of brokers and banks suggested balance sheets continue to shrink sector-wide. Crude oil prices, though down slightly overall rose late in the week on mounting political tension in the Middle East and Nigeria. Gold gained 3.5%. Inflation worries lifted Materials shares but weighed on consumer-related shares. **Ford**’s move to trim production and delay the launch of the new F-150 pickup pointed to rapidly shifting consumer tastes. **General Motors** shares fell to a 26-year low. **Lehman Brothers** announced a $2.8 billion quarterly loss. **American International Group** ousted its CEO over credit issues. **Goldman Sachs**’ earnings came in ahead of estimates, evidence it is navigating markets better than peers. **Morgan Stanley** reported earnings 60% lower year-over-year, missing estimates. Bond-rating firms **MBIA** and **Ambac Financial** saw their credit ratings downgraded Friday. **Merrill Lynch** shares sold off on speculation it faces further writedowns. **Citigroup** warned of substantial writedowns in the current quarter. Regional bank shares tumbled amid negative analyst actions. **Fifth Third Bancorp** announced a capital raise and dividend cut. Elsewhere, **FedEx** lowered its earnings forecast for 2009, citing higher fuel costs and a weak US economy. **Coventry Health Care** warned quarterly and full-year earnings wouldn’t meet estimates. **Wyeth** shares rose 10% on positive news from a trial of an Alzheimer’s drug. Looking ahead, the Federal Reserve meeting this week is unlikely to bring any change in interest rates but investors will be focused on what the central bank says about the balance between slow growth and higher inflation. Investors will also be alert for preannouncements amid recent signs fuel prices are biting into corporate earnings. With headline inflation above market interest rates, stocks appear to be a better bet for long-term money at current levels.