First Trust
120 E. Liberty Drive, Wheaton, IL 60187 630-765-8000

For The Week Ended July 10, 2009
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	0.16 (+01 bps)	**GNMA (30 Yr) 6% Coupon:** 105 (4.00%)	
6 Mo. T-Bill	0.24 (-04 bps)	**Duration:** 3.34 years	
1 Yr. T-Bill	0.42 (-05 bps)	**30-Year Insured Revs**: 163.9% of 30 Yr. T-Bond	
2 Yr. T-Note	0.89 (-08 bps)	**Bond Buyer 40 Yield**: 5.53% (-09 bps)	
3 Yr. T-Note	1.39 (-08 bps)	**Crude Oil Futures**: 59.87 (-6.86)	
5 Yr. T-Note	2.20 (-21 bps)	**Gold Futures**: 912.40 (-18.60)	
10 Yr. T-Note	3.29 (-20 bps)	**Merrill Lynch High Yield Indices:**	
30 Yr. T-Bond	4.19 (-12 bps)	**BB, 7-10 Yr.**	9.95% (+02 bps)
		B, 7-10 Yr.	12.23% (+18 bps)

Most Treasury prices gained each day this week with the exception of Thursday, largely as a result of the flight-to-safety trade. Monday's trading was mixed as shorter dated maturities rose on economic concerns and longer dated maturities ended lower on concerns about supply. Flight-to-safety continued through Wednesday as prices continued higher for most maturities while equities moved lower. The rally in Treasuries took a breather on Thursday following Wednesday's strong move higher as equities advanced. Treasuries gained again on Friday as the market moves in to a two week period without additional government supply. Friday's rally was also influenced by defensive buyers as business lender CIT's approval to participate in the FDIC's TLGP program came further into question. The ISM Non-Manufacturing Index increased in June to 47.0 from 44.0 in May (above 50 indicates expansion, below 50 indicates contraction). The May Trade Balance decreased to $26.0 billion from $28.8 billion in April. Major economic reports (and related consensus forecasts) for next week include: Tuesday: June PPI (0.90%, -5.20% YoY); Wednesday: June CPI (0.60%, -1.50% YoY), June Industrial Production (-0.60%); Friday: June Housing Starts (528,000).

US Stocks:

Weekly Index Performance

DJIA	8146.52 (-134.22,-1.6%)
S&P 500	879.13 (-17.29,-1.9%)
S&P MidCap	547.08 (-17.95,-3.2%)
S&P Small Cap	256.36 (-6.77,-2.6%)
NASDAQ Comp	1756.03 (-40.49,-2.3%)
Russell 2000	480.98 (-16.23,-3.3%)

Market Indicators

Strong Sectors: Health Care, Staples, Discretionary
Weak Sectors: Telecommunication Svcs, Energy, Materials
NYSE Advance/Decline: 956 / 2,227
NYSE New Highs/New Lows: 39 / 25
AAII Bulls/Bears: 27.9% / 54.7%

US stocks continued to slide last week, falling for the fourth consecutive week, as earnings season got underway. The week's data releases offered a mixed bag of information. June retail sales were more or less in-line with expectations. In general, the more value priced retailers did better than their higher priced peers. **TJX** was among those posting positive results, while mall based teen retailers **Abercrombie & Fitch** and **American Eagle** posted same-store sales declines that were below expectations. An ABA report detailing worse than expected credit card delinquencies sent stocks reeling on Tuesday. The University of Michigan survey of consumer confidence fell for the first time in four months. Health care and consumer staples fared well on the week as investors sought their defensive characteristics as they await more clarity on the outlook for the second half of the year. **Family Dollar** cited a benefit from consumer's focus on value in reporting strong quarterly earnings gains. **Amgen** shares jumped on positive trial data for its bone strengthening drug denosumab. **General Motors** exited bankruptcy on Friday, less than six weeks after filing for Chapter 11. Materials and energy stocks remained under pressure due to a lack of conviction about the pace of economic activity in the coming quarters. Oil fell as well, dropping 10% on the week, to finish at $59.89/bbl. Looking ahead, earnings season begins in earnest this week with numerous blue-chip firms reporting. While investor sentiment has waned in recent weeks, investors could find a renewed interest in equities should earnings results best the modest expectations heading into earnings season.