First Trust
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For The Week Ended April 2, 2010
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	0.16 (+03 bps)	**GNMA (30 Yr) 6% Coupon:**	106-27/32 (2.87%)
6 Mo. T-Bill	0.24 (+01 bps)	**Duration:**	3.20 years
1 Yr. T-Bill	0.41 (+03 bps)	**30-Year Insured Revs**:	146.4% of 30 Yr. T-Bond
2 Yr. T-Note	1.09 (+04 bps)	**Bond Buyer 40 Yield**:	5.21% (-0 bps)
3 Yr. T-Note	1.67 (+06 bps)	**Crude Oil Futures**:	85.18 (+5.05)
5 Yr. T-Note	2.66 (+08 bps)	**Gold Futures**:	1125.30 (+17.60)
10 Yr. T-Note	3.94 (+09 bps)	**Merrill Lynch High Yield Indices:**	
30 Yr. T-Bond	4.80 (+10 bps)	**BB, 7-10 Yr.**	7.31% (-04 bps)
		B, 7-10 Yr.	8.63% (-09 bps)

In a week abbreviated by the Good Friday holiday, Treasury prices were lower across the width of the yield curve, with most of the movement in Friday's shortened trading day. The benchmark 10-year note dropped in price for the week, sending the yield to its highest level since last June. The biggest driver was the growth in jobs. U.S. payrolls increased by 162,000 jobs in March (slightly below consensus forecasts of 184,000), the biggest one-month increase in three years. It was also just the third increase in payrolls in the last 27 months. Much of the increase was from the hiring of U.S. Census workers, but the increase was 114,000 even if those jobs are excluded. Although the unemployment rate remained at 9.7%, the growth in employment fueled hope that the economic recovery can be sustained. Other positive economic news included an increase in the ISM Manufacturing Index to 59.6, beating forecasts of 57.0 and improving over February's 56.5. The 59.6 reading was the highest in nearly six years. Major economic reports (and related consensus forecasts) for next week include: Monday: March ISM Non-Manufacturing Composite (54.0); Tuesday: Minutes of FOMC Meeting released; Wednesday: February Consumer Credit ($1.4 billion); Thursday: Initial Jobless Claims (433,000); and Friday: February Wholesale Inventories (+0.4%).

US Stocks:

Weekly Index Performance

DJIA	10927.07 (+76.71,+0.7%)
S&P 500	1178.10 (+11.51,+1.0%)
S&P MidCap	797.29 (+10.27,+1.3%)
S&P Small Cap	363.42 (+2.32,+0.6%)
NASDAQ Comp	2402.58 (+7.45,+0.3%)
Russell 2000	683.98 (+5.01,+0.7%)

Market Indicators

Strong Sectors: Energy, Materials, Utilities
Weak Sectors: Discretionary, Technology, Financials
NYSE Advance/Decline: 2,052 / 1,139
NYSE New Highs/New Lows: 539 / 20
AAII Bulls/Bears: 41.3% / 31.2%

US stocks rose on the holiday shortened week and ended the first quarter with solid gains. For the quarter the S&P 500, Dow Industrials and Russell 2000 recorded gains of 5.4%, 4.8% and 8.9%, respectively. Action was skittish mid week as investors positioned themselves ahead of the highly anticipated jobs report which was released on Good Friday when US equity markets were closed. The report showed the largest job gains in three years. Most other economic news was positive as personal income rose, consumer confidence came in better than expected and home prices showed their smallest year over year drop in three years. A surprisingly weak ADP employment report on Wednesday led to equity losses. The government announced it will sell its 27% **Citigroup** stake this year. **Ford** announced the sale of its **Volvo** unit to **Geely** for $1.8 billion more than a decade after paying $6 billion for the Swedish automaker. **Ford** and **GM** both reported strong February sales. **Apple** shares rose to new highs ahead of the weekend launch of the iPad. **Honeywell** raised its Q1 profit outlook on strong order trends. Lower selling prices led to margin compression as **Research in Motion** missed EPS expectations sending its shares sharply lower. The Obama administration announced relaxed rules on offshore drilling along the eastern seaboard and Gulf of Mexico. **Primerica**, **Citigroup's** life insurance arm, had a successful IPO pricing above the expected range and moving significantly higher on its first day of trading. Looking ahead, the coming week is light on scheduled economic and earnings data. As investors prepare for the upcoming earnings season, expectations have risen in lockstep with recent data pointing toward improving economic conditions. While the near term action could be volatile as investors react to each new data point, valuations and fundamentals suggest equities remained undervalued.