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

For The Week Ended May 28th, 2010
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	0.15 (unch.)	**GNMA (30 Yr) 6% Coupon:**	108-5/32 (1.60%)
6 Mo. T-Bill	0.21 (unch.)	**Duration:**	3.14 years
1 Yr. T-Bill	0.32 (-01 bps)	**30-Year Insured Revs**:	164.5% of 30 Yr. T-Bond
2 Yr. T-Note	0.75 (+01 bps)	**Bond Buyer 40 Yield**:	5.07% (unch.)
3 Yr. T-Note	1.20 (+03 bps)	**Crude Oil Futures**:	74.06 (+3.56)
5 Yr. T-Note	2.02 (+07 bps)	**Gold Futures**:	1212.90 (+35.90)
10 Yr. T-Note	3.23 (+05 bps)	**Merrill Lynch High Yield Indices:**	
30 Yr. T-Bond	4.09 (+11 bps)	**BB, 7-10 Yr.**	7.88% (-09 bps)
		B, 7-10 Yr.	9.27% (-02 bps)

Treasury prices were higher for the week for the fourth time in the last five weeks as investors continued to seek the safety of U.S. government debt. With the downgrade of Spain's credit rating to AA+ from AAA by Fitch, demand increased for Treasuries. In addition, consumer spending was flat in April, falling short of expectations of a 0.3% gain, which along with the credit crisis in Europe, fueled speculation that the economic recovery may take longer than expected. Durable goods orders were also below forecasts for the month when the volatile transportation sector is excluded. In addition, GDP was revised downward to an annual rate of 3.0% from 3.2%. Other news from the economy was more positive, however. Both new and existing home sales exceeded expectations in April. Major economic reports (and related consensus forecasts) for next week include: Tuesday: May ISM Manufacturing (59.0, Prices Paid 72.0); Wednesday: April Pending Home Sales (+5.0%) and Total Vehicle Sales (11.40 million); Thursday: 1Q Final Nonfarm Productivity (+3.4%) and Unit Labor Costs (-1.5%), Initial Jobless Claims (455,000), and April Factory Orders (+1.70%); and Friday: May ISM Non-Manufacturing Composite (55.7) and May Employment Report, including Change in Nonfarm Payrolls (+505,000), Unemployment Rate (9.8%), Average Hourly Earnings (+0.1%), and Average Weekly Hours (34.1).

US Stocks:

Weekly Index Performance

DJIA	10136.63 (-56.76,-0.6%)
S&P 500	1089.41 (+1.72,+0.2%)
S&P MidCap	762.76 (+12.79,+1.7%)
S&P Small Cap	353.31 (+3.79,+1.1%)
NASDAQ Comp	2257.04 (+28.00,+1.3%)
Russell 2000	661.61 (+12.31,+1.9%)

Market Indicators

Strong Sectors:	Consumer Discretionary, Materials, Technology
Weak Sectors:	Consumer Staples, Financials, Telecom Svcs.
NYSE Advance/Decline:	2,356 / 859
NYSE New Highs/New Lows:	67 / 150
AAII Bulls/Bears:	29.8% / 50.9%

US stocks turned in a mixed performance for the week as Thursday's strong market rebound kept losses in check. Markets were again whipsawed by developments and rumors out of Europe and China, while geopolitical tension emanating from North Korea, **BP**'s difficulties stopping the flow of oil in the Gulf of Mexico and some less than stellar data on the US economy all added to the overall sense of unease. Thursday's rally was prompted by China's denial of rumors it was dumping euro-denominated debt. The market's momentum heading into the weekend was halted on Friday when a downgrade of Spain's credit rating by Fitch hit the wires. With recent declines, stocks appear to be discounting the possibility of a slowdown in global economic growth. Crude oil prices rebounded 5.6%. Gold gained 3.1%. For May, stocks fell 8.2%, their worst monthly showing since February of last year. Stocks remain in correction territory, down 10.5% from late April highs. Meanwhile, the earnings news from corporate America continued mostly positive. Better-than-expected results came in from **Campbell Soup**, **Costco**, **NetApp** and **J Crew**. **Medtronic** also delivered solid results boosted by share-take from struggling competitor **Boston Scientific**. **Tiffany**'s results showed spending on luxury goods remains resurgent particularly in Asia. **Monsanto** lowered earnings guidance on stiff competition in herbicides. Looking ahead, the coming holiday-shortened week brings important data on the job market with the May employment report due out Friday. Positive news here in the form of a healthy addition to payrolls could go a long way to reassuring investors the US recovery remains on track. Some sign the situation in the Gulf of Mexico is under control might also help dispel the gloom that has enveloped markets. Despite the market's recent troubles and with valuations reasonable, we find the fundamental backdrop for equities to be relatively attractive