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

For The Week Ended October 5, 2007
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	3.97 (+18 bps)	**GNMA (30 Yr) 8% Coupon:**	104-25/32 (6.13%)
6 Mo. T-Bill	4.19 (+12 bps)	**Duration:**	3.15 years
2 Yr. T-Note	4.07 (+09 bps)	**30-Year Insured Revs**:	93.6% of 30 Yr. T-Bond
3 Yr. T-Note	4.11 (+10 bps)	**Bond Buyer 40 Yield**:	4.78% (-02 bps)
5 Yr. T-Note	4.33 (+09 bps)	**Crude Oil Futures**:	81.22 (-0.17)
10 Yr. T-Note	4.63 (+05 bps)	**Gold Futures**:	741.30 (-1.50)
30 Yr. T-Bond	4.86 (+03 bps)	**Merrill Lynch High Yield Indices:**	
		BB, 7-10 Yr.	7.52% (-05 bps)
		B, 7-10 Yr.	8.51% (-05 bps)

After showing price increases for most of the week, Treasury prices fell Friday in the wake of the strong September employment report, sending them into negative territory for the week. While the 110,00 added jobs did not greatly exceed forecasts, the decline in payrolls originally reported for August was revised to an increase of 89,000; July figures were revised upward as well. The strength in the job market was viewed as decreasing the likelihood of a further decrease in the target rate when the Fed meets at the end of the month. Other data also showed continued growth for the economy. The ISM indexes for both manufacturing and the service sector both declined in September, but both also continued to suggest moderate growth. Economic reports (and related consensus forecasts) for the coming week include: Tuesday: September Monthly Budget Statement ($98.0 billion); Wednesday: August Wholesale Inventories (0.3%) and August Trade Balance (-$59.0 billion); Thursday: September Import Price Index (1.0%) and Initial Jobless Claims (315,000); Friday: September Producer Price Index (0.5%, less Food and Energy, 0.2%) September Advance Retail Sales (0.2%, Less Autos, 0.3%), October preliminary U of Michigan Consumer Confidence (84.0), and August Business Inventories (0.2%).

US Stocks:

Weekly Index Performance

DJIA	14066.01 (+170.38,+1.2%)
S&P 500	1557.59 (+30.84,+2.0%)
S&P MidCap	913.91 (+28.85,+3.3%)
S&P Small Cap	442.34 (+18.91,+4.5%)
NASDAQ Comp	2780.32 (+78.82,+2.9%)
Russell 2000	844.87 (+39.42,+4.9%)

Market Indicators

Strong Sectors: Financials, Retail, Homebuilders, Internet
Weak Sectors: Energy, Telecom Svcs., Materials
NYSE Advance/Decline: 2,620 / 892
NYSE New Highs/New Lows: 443 / 74
AAII Bulls/Bears: 51.8% / 25.3%

US stocks rallied for a fourth straight week as investors took an optimistic view of earnings news from the Financials and the September employment report. The week's gains propelled both the DJIA (intraday) and S&P 500 to record levels, past their July peaks. The large upward revision to the August payroll figure brought relief to investors despite the fact it cast into doubt the likelihood of additional future interest rate cuts. Meanwhile, a succession of banks and brokerage firms announced huge write-downs or job cuts stemming from the summer's credit market troubles. **Citigroup** topped all others with a $5.9 billion announced hit to earnings. **Merrill Lynch**'s tally was $5.5 billion. **Washington Mutual** announced its third-quarter earnings would fall by 75%. But by bidding shares higher, the market took the view that firms were "clearing the decks" in preparation for a return to normalcy. **Research In Motion**'s quarterly revenues and earnings doubled from the prior year and its shares surged 15% to a record. **Walgreen** posted a quarterly profit decline for the first time in ten years and its shares tumbled. Casino stocks including **Wynn Resorts** and **Las Vegas Sands** fell as gaming revenues from Macau disappointed. In merger news, **Nokia** announced it would acquire **Navteq** for $8.1 billion. **Toronto-Dominion Bank** announced a deal to acquire **Commerce Bancorp** for $8.5 billion. Looking ahead, **Alcoa**'s earnings report due out this week should give investors an early look at how large US multinationals are balancing high energy costs and a weaker US dollar against strong global demand for commodities and industrial goods. Overall, modest expectations for third quarter earnings could give corporations a low hurdle to clear as earnings season unfolds.