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

Weekly Market Update

For the week ended March 16, 2007

US Stocks	
Weekly Index Performance	
DJIA:	12110.41 (-165.91,-1.4%)
S&P 500:	1386.95 (-15.90,-1.1%)
S&P MidCap:	823.89 (-8.95,-1.1%)
S&P SmallCap:	399.88 (-2.26,-0.6%)
Nasdaq Comp:	2372.66 (-14.89,-0.6%)
Russell 2000:	778.77 (-6.35,-0.8%)
Market Indicators	
Strong Sectors:	Utilities, Telecom, Technology
Weak Sectors:	Financials, Consumer Discretionary, Energy
NYSE Advance/Decline:	1,490 / 2,046
NYSE New Highs/New Lows:	207 / 128
AAII Bulls/Bears:	33.0% / 45.4%

US stocks gave up the prior week's gains last week as sub-prime worries and mixed economic data weighed on the market. Tuesday's 2% market slide was responsible for all of the week's losses (and then some) as rising mortgage delinquencies and weak February retail sales brought out talk of a cooling economy. In other economic data, stronger than expected inflation (both CPI and PPI) and industrial production reports were countered by soft east coast manufacturing reports. Sub-prime mortgage issuers found their shares battered as several prominent firms were rumored to be close to insolvency. Home builders also found their shares under pressure. Wall Street brokerages **Goldman Sachs**, **Bear Stearns** & **Lehman Brothers** all reported quarterly earnings ahead of expectations; however all three found their shares lower at week's end. **Kroger** shares gained due to strong quarterly earnings and a forecast for 2007 ahead of expectations. **Qualcomm** shares jumped over 8% on a strong mid-quarter update. Activist investor Carl Icahn increased his stake in **Motorola** and launched a proxy fight to win a board seat. There were several prominent M&A deals throughout the week. **Intercontinental Exchange** made an unsolicited $9.9 billion bid for the **Chicago Board of Trade**, which had previously agreed to a merger with the **Chicago Mercantile Exchange**. **Dollar General** agreed to a $7.0 billion LBO led by KKR. **Cisco** agreed to buy **WebEx** for $3.2 billion and **UnitedHealth** will buy **Sierra Health Services** for $2.6 billion. Looking ahead, all eyes will be on the Fed this week. While no change in rates is expected, their commentary will likely determine the market's direction over the short-term. Despite the recent volatility, economic and corporate fundamentals remain healthy. Equities continue to offer an attractive risk/reward relative to other asset classes although more conviction from market participants will be needed to reverse the recent slide.

.

US Economy and Credit Markets	
Yields and Weekly Changes:	
3 Mo. T-Bill:	5.02% (-06 bps)
6 Mo. T-Bill:	5.11% (-01 bps.)
2 Yr. T-Note:	4.58% (-07 bps)
3 Yr. T-Note:	4.50% (-08 bps)
5 Yr. T-Note:	4.46% (-08 bps)
10 Yr. T-Note:	4.54% (-04 bps)
30 Yr. T-Bond:	4.69% (-03 bps)
GNMA (30 Yr) 8% Coupon:	103-28/32 (6.78%)
Duration:	3.20 years
30 Year Insured Revs:	90.6% of 30 Yr. T-Bond
Bond Buyer 40 Yield:	4.55% (unch)
Goldman Sachs Commodity Index:	5529.74 (-96.38)
Merrill Lynch High Yield Indices:	
BB, 7-10 Yr.	6.99% (+06 bps)
B, 7-10 Yr.	7.99% (+08 bps)

Government yields dropped across the curve last week with investors migrating away from higher-risk equity securities and towards Treasuries as uncertainty continued to mount regarding the extent to which the growing volume of sub-prime mortgage loan delinquencies would impact securities markets and the US economy. These weekly gains were posted despite renewed evidence of growing inflation pressures (both the PPI and CPI increased more than expected last month) and surprisingly strong reports regarding industrial production and factory utilization. The Federal Reserve Open Market Committee meets next week and the consensus view among traders and investors is that the Fed Funds target rate will remain unchanged at 5.25%. Economic reports (and related consensus forecasts) for the coming week include: Tuesday: February Housing Starts (1.44 million) and February Building Permits (1.55 million); Wednesday: FOMC Rate Decision (5.25%); Thursday: Initial Jobless Claims (323,000) and February Leading Indicators (-0.4%); and Friday: February Existing Home Sales (6.30 million).

Source: Bloomberg and Barron's