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

For The Week Ended March 14, 2008
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	1.14 (-29 bps)	**GNMA (30 Yr) 8% Coupon:** 104-22/32 (6.14%)	
6 Mo. T-Bill	1.29 (-23 bps)	**Duration:** 3.15 years	
2 Yr. T-Note	1.47 (-05 bps)	**30-Year Insured Revs**: 115.6% of 30 Yr. T-Bond	
5 Yr. T-Note	2.38 (-05 bps)	**Bond Buyer 40 Yield**: 5.18% (+10 bps)	
10 Yr. T-Note	3.44 (-10 bps)	**Crude Oil Futures**: 110.08 (+4.55)	
30 Yr. T-Bond	4.36 (-09 bps)	**Gold Futures**: 999.50 (+25.30)	
		Merrill Lynch High Yield Indices:	
		BB, 7-10 Yr.	8.082% (+09 bps)
		B, 7-10 Yr.	10.91% (+22 bps)

Treasury prices yo-yoed throughout last week before ending with gains as credit concerns overrode the Fed's attempt to provide liquidity in order to help markets function more smoothly. On Tuesday, the Fed announced that it would lend up to $200 billion of Treasury securities to primary dealers for a period of 28 days — instead of the usual overnight period — to increase the liquidity of the credit markets. After a one-day drop in Treasury prices, however, they bounced back Wednesday as record-high oil prices dented stocks and pushed investors to the safety of Treasuries. Prices fell again Thursday after a poorly received auction of 10-year notes. News that Bear Stearns required a bailout from the Federal Reserve and JP Morgan Chase once again caused investors to seek safer Treasury debt, sending prices higher Friday. The Fed is expected to lower rates by 50 bps when it meets Tuesday, which would bring the total of cuts to 1.75% since the start of the year. Economic reports (and related consensus forecasts) for the coming week include: Monday: 4Q Current Account Balance (-$183.8 billion) and February Industrial Production (-0.1%) and Capacity Utilization (81.2%); Tuesday: February Producer Price Index (0.4%, Ex Food & Energy 0.2%), February Housing Starts (995,000), and FOMC Rate Decision (2.50%); and Thursday: Initial Jobless Claims (360,000), March Philadelphia Fed report (-18.0) and February Leading Indicators (-0.3%).

US Stocks:

Weekly Index Performance

DJIA	11951.09 (+57.40,+0.5%)
S&P 500	1288.14 (-5.23,-0.4%)
S&P MidCap	761.09 (+0.28,+0.0%)
S&P Small Cap	353.32 (+1.13,+0.3%)
NASDAQ Comp	2212.49 (unch,-%)
Russell 2000	662.90 (+2.79,+0.4%)

Market Indicators

Strong Sectors: Materials, Energy, Industrials, REIT's
Weak Sectors: Health Care, Telecom Svcs., Financials
NYSE Advance/Decline: 1,433 / 2,142
NYSE New Highs/New Lows: 92 / 669
AAII Bulls/Bears: 20.4% / 59.2%

US stocks ended not far from where they started after a volatile week of trading. The week's highlights included new action by the Federal Reserve to prop up credit markets, new highs for crude oil and gold, surprisingly benign consumer inflation data, and a crisis of confidence at **Bear Stearns**. The Fed's action to inject $200 billion in liquidity on Tuesday (see above) sent stocks soaring to their best one-day gains in five years. But Friday, the mood turned dour as Bear Stearns needed emergency credit support from the Fed via **JPMorgan Chase** to remain solvent. Bear's shares plunged 57% for the week. The CBOE VIX Index rose 14% to 31.16 on Friday, its highest close in almost five years. Consumer prices were unchanged in February, but last week oil prices ended higher at $110.21/bbl while gold rose past $1000/oz. before settling back. In earnings news, rising medical costs were behind **WellPoint**'s lowered guidance for 2008. WellPoint shares lost 29.8% for the week. HMO shares were hit across the board, especially as **Humana** also lowered guidance. Positive news on worldwide same-store sales boosted **McDonald's** shares. **Caterpillar** reiterated its expectations for 2008 and offered an optimistic projection through 2010. **Amgen** and **Johnson & Johnson** both benefited from a less-dire-than-feared ruling from the FDA on anemia drugs. Looking ahead, the coming week's earnings reports from Bear Stearns, **Goldman Sachs**, **Lehman Brothers** and **Morgan Stanley** will either ease or enhance concerns over the stability of the financial system. The Fed will doubtless proceed with another significant cut to interest rates on Tuesday, its way arguably made easier by last week's report on consumer prices. Stocks' recovery from the depths Friday offers some reason for optimism a bottom may be near. Markets are closed Friday for the Good Friday holiday.