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

For The Week Ended May 23, 2008
Weekly Market Commentary & Developments

US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill	1.84 (+01 bps)	**GNMA (30 Yr) 8% Coupon:** 105-23/32 (5.76%)
6 Mo. T-Bill	1.92 (+03 bps)	**Duration:** 3.86 years
2 Yr. T-Note	2.42 (-01 bps)	**30-Year Insured Revs**: 100.8% of 30 Yr. T-Bond
5 Yr. T-Note	3.13 (+03 bps)	**Bond Buyer 40 Yield**: 5.07% (-02 bps)
10 Yr. T-Note	3.84 (unch)	**Crude Oil Futures**: 131.86 (+5.57)
30 Yr. T-Bond	4.57 (unch)	**Gold Futures**: 925.80 (+25.90)
		Merrill Lynch High Yield Indices:
		BB, 7-10 Yr. 7.92% (+07 bps)
		B, 7-10 Yr. 10.17% (+07 bps)

A two-day rally in the Treasury market that opened trading for the week was halted abruptly Wednesday after crude oil closed over $130 per barrel and the minutes of the most recent FOMC meeting strongly suggested to many traders that the Fed's inclination to lower its short-term benchmark rate is likely to be at an end. Continued inflation concerns, driven by the persistently high cost of energy, pressured Treasuries lower Thursday. However, during an abbreviated trading session on Friday in advance of the long Memorial Day weekend, Treasuries recovered most of their earlier losses after equity markets slid lower and the National Association of Realtors reported that existing home sales declined in eight of the past nine months and home prices dropped further April. Fixed-income markets closed early on Friday in advance of the long Memorial Day weekend. Economic reports (and related consensus forecasts) for the coming week include: Tuesday: April May Consumer Confidence (60.1) and April New Home Sales (527,000); Wednesday: April Durable Goods Orders (-1.1%); Thursday: Initial Jobless Claims (370,000), Q1 prelim. GDP (0.9%), Q1 prelim. Personal Consumption (1.0%); and Friday: April Personal Income (0.2%), April Personal Spending (0.2%), April PCE Core Price Index (0.1%), May Chicago Purchasing Managers Index (48.8) and May University of Michigan Consumer Confidence Survey (59.5).

US Stocks

Weekly Index Performance

DJIA	12479.63 (-507.17,-3.9%)
S&P 500	1375.93 (-49.42,-3.5%)
S&P MidCap	858.50 (-25.15,-2.8%)
S&P Small Cap	382.96 (-9.20,-2.3%)
NASDAQ Comp	2444.67 (-84.18,-3.3%)
Russell 2000	724.10 (-17.07,-2.3%)

Market Indicators

Strong Sectors: Utilities, Health Care, Consumer Staples
Weak Sectors: Financials, Consumer Discretionary, Materials
NYSE Advance/Decline: 1,011 / 2,599
NYSE New Highs/New Lows: 232 / 91
AAII Bulls/Bears: 46.3% / 34.3%

US stocks tumbled last week as fears of inflation and a slowing economy caused investors to take money off the table. Oil continued to set new highs crossing $135/bbl before ending the week just above $132/bbl, a 4.7% gain for the week. Gold also advanced, posting a 2.5% gain. Minutes from the last Fed meeting revealed the Fed raised its inflation outlook and reduced its GDP growth forecast. Many market participants interpreted the minutes as evidence the Fed is on hold barring a significant downturn in the economy. **Ford** shares slumped after the automaker pushed back its forecast for profitability to at least 2010. Rapidly declining sales of trucks and SUVs were blamed for the revised forecast. Airline stocks were hammered as **AMR** (American Airlines) announced service cuts and new fees as it struggles to deal with high fuel costs. Several others also announced new surcharges to combat rising costs. **Microsoft** reportedly renewed talks with **Yahoo**! with the goal of acquiring only certain portions of its business. **Budweiser** shares rallied sharply on Friday on speculation **InBev** is preparing a bid for the American brewer. **Home Depot** and **Lowe's** both fell after reporting weak earnings as the housing slowdown and rising energy costs caused consumers to spend less on their homes. **Time Warner** announced it will fully separate **Time Warner Cable** from the parent company by the end of the year. Looking ahead, the coming holiday-shortened week brings little in the way of corporate data although several economic reports will be highly scrutinized. Stocks could be in for volatile trading in the coming weeks should inflation pressures fail to moderate from current levels. Longer-term, valuations and growth prospects remain compelling.