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

For The Week Ended November 6th, 2009

Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	0.04 (unch.)	**GNMA (30 Yr) 6% Coupon:**	106-9/32 (2.50%)
6 Mo. T-Bill	0.15 (unch.)	**Duration:**	3.21 years
1 Yr. T-Bill	0.30 (-05 bps)	**30-Year Insured Revs**:	160.6% of 30 Yr. T-Bond
2 Yr. T-Note	0.84 (-05 bps)	**Bond Buyer 40 Yield**:	5.42% (+15 bps)
3 Yr. T-Note	1.35 (-05 bps)	**Crude Oil Futures**:	77.64 (-0.66)
5 Yr. T-Note	2.29 (-03 bps)	**Gold Futures**:	1095.70 (+49.00)
10 Yr. T-Note	3.49 (+10 bps)	**Merrill Lynch High Yield Indices:**	
30 Yr. T-Bond	4.39 (+16 bps)	**BB, 7-10 Yr.**	8.11% (+08 bps)
		B, 7-10 Yr.	9.50% (-20 bps)

Treasury prices were mixed for the week, with prices lower at the long end of the curve and higher for shorter maturities. The yield on the two-year note was higher for the second consecutive week, hitting its lowest level since May after the October employment report was worse than expected. Nonfarm payrolls fell by more than expected (190,000 vs. 175,000), although both the August and September reports were revised downward by a total of 91,000 jobs. Despite the downward revision for the prior months, the unemployment rose to 10.2%, the highest it has been since 1983. The increase in prices for shorter maturities on the negative news from the employment report was moderated in part by the $81 billion of notes and bonds that will be issued this week. Other news for the week was more positive, as a Department of Labor report showed that productivity grew by 9.5% in third quarter, well ahead of the expected growth of 6.5%. Major economic reports (and related consensus forecasts) for next week include: Thursday: Initial Jobless Claims (510,000) and October Monthly Budget Statement (-$150.0 billion); and Friday: September Trade Balance (-$31.6 billion), October Import Price Index (1.0%), and November preliminary University of Michigan Consumer Confidence (71.0).

US Stocks:

Weekly Index Performance

DJIA	10023.42 (+310.69,+3.2%)
S&P 500	1069.30 (+33.11,+3.2%)
S&P MidCap	681.35 (+22.20,+3.4%)
S&P Small Cap	307.08 (+8.01,+2.7%)
NASDAQ Comp	2112.44 (+67.33,+3.3%)
Russell 2000	580.35 (+17.58,+3.1%)

Market Indicators

Strong Sectors:	Industrials, Consumer Discretionary, Materials
Weak Sectors:	Consumer Staples, Financials, Utilities
NYSE Advance/Decline:	2,307 / 871
NYSE New Highs/New Lows:	183 / 25
AAII Bulls/Bears:	22.2% / 55.6%

US stocks advanced, ending a two-week losing streak as the balance of economic data swung positive, M&A activity was brisk, and the Federal Reserve maintained its accommodative policy stance. The ISM manufacturing index surprised to the upside as did data on pending home sales. Productivity in Q3 surged at a 9.5% annual rate, but the unemployment rate ticked higher in October to 10.2%, a level not seen since 1983. Friday’s jobs report did include positive revisions to prior months’ job losses and stocks ended the day higher after early declines. Retail same-store sales rose in October for a second straight month, evidence of stabilization in consumer spending. Auto sales rose 3.3%. Crude oil was little changed, but gold had its best week since February. Markets responded positively to an apparent “anti status quo” outcome from key elections in several states. **Ford Motor** shares rallied on news the company enjoyed a solidly profitable third quarter. **Cisco Systems**’ results were strong and CEO Chambers sounded optimistic on the outlook for the global economy. **CVS Caremark** shares tumbled 16% despite quarterly results coming in ahead of expectations as the company revealed it suffered PBM contract losses. **General Electric** shares advanced on an analysts’ upgrade. **Starbucks** guided earnings higher for next year while **Whole Foods**’ outlook was disappointing. In merger news, **Berkshire Hathaway** agreed to buy the 77% of **Burlington Northern Santa Fe** it didn’t already own for $35.8 billion. **Stanley Works** agreed to acquire **Black & Decker** for $4.4 billion. **Denbury Resources** agreed to buy **Encore Acquisition** for $4 billion. Looking ahead, the coming week is lighter in terms of economic data and so investors could pause to further digest the implications of Friday’s jobs report, in particular whether it portends an extended jobless recovery. Stocks could mark time until more tangible evidence of revenue growth emerges from the corporate sector.