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

For The Week Ended March 27, 2009
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	0.12 (-08 bps)	**GNMA (30 Yr) 6% Coupon:** 104-15/32 (3.33%)	
6 Mo. T-Bill	0.37 (-02 bps)	**Duration:** 3.25 years	
1 Yr. T-Bill	0.56 (-02 bps)	**30-Year Insured Revs**: 183.9% of 30 Yr. T-Bond	
2 Yr. T-Note	0.90 (+04 bps)	**Bond Buyer 40 Yield**: 5.59% (+03 bps)	
3 Yr. T-Note	1.25 (+03 bps)	**Crude Oil Futures**: 52.25 (+1.19)	
5 Yr. T-Note	1.79 (+15 bps)	**Gold Futures**: 924.00 (-28.30)	
10 Yr. T-Note	2.75 (+12 bps)	**Merrill Lynch High Yield Indices:**	
30 Yr. T-Bond	3.61 (-05 bps)	**BB, 7-10 Yr.**	11.82% (-42 bps)
		B, 7-10 Yr.	15.60% (-66 bps)

Treasury prices were mixed for the week, rising at the short end of the yield curve and for the long bond, while decreasing in the middle of the curve, including the benchmark 10-year note. Prices yo-yoed throughout the week, as a number of factors affected the market. Prices fell Monday as equity markets rallied in light of the government's release of its toxic-asset purchase plans. The Fed's announcement that it would begin purchasing Treasurys, prices rebounded Tuesday. After a British bond sale failed to attract enough buyers, Treasury prices fell Wednesday on fear that demand has been saturated, but bounced back after solid demand at a $24 billion auction of 7-year notes. There was positive news from the economy this week, as both new and existing home sales increased, as did durable goods. Prices fell again Friday on concerns of oversupply. Major economic reports (and related economic forecasts) for next week include: Tuesday: March Chicago Purchasing Manager (34.4); Wednesday: March ISM Manufacturing (36.0, Prices Paid 33.0) and March Total Vehicle Sales (9.2 million); Thursday: Initial Jobless Claims (650,000) and February Factory Orders (1.4%); Friday: March Employment Report, including Change in Nonfarm Payrolls (-660,000), Unemployment Rate (8.5%), Average Hourly Earnings (+0.2%), and Average Weekly Hours (33.3), and March ISM Non-Manufacturing Index (42.0).

US Stocks:

Weekly Index Performance

DJIA	7776.18 (+497.80,+6.8%)
S&P 500	815.94 (+47.40,+6.2%)
S&P MidCap	498.83 (+34.45,+7.4%)
S&P Small Cap	225.69 (+15.45,+7.4%)
NASDAQ Comp	1545.20 (+87.93,+6.0%)
Russell 2000	429.00 (+28.89,+7.2%)

Market Indicators

Strong Sectors: Financials, Industrials, Consumer Discretionary
Weak Sectors: Utilities, Telecom Svcs., Health Care, Energy
NYSE Advance/Decline: 2,698 / 513
NYSE New Highs/New Lows: 17 / 19
AAII Bulls/Bears: 39.1% / 42.4%

US stocks gained for a third consecutive week as the government unveiled its plan for toxic assets and as new data hinted at a possible turn in the economy. The market's initial reaction Monday to Treasury Secretary Geithner's plan – which at its core facilitates public-private partnerships that would bid for "legacy assets" presently clogging the banking system - was exuberant, with the DJIA closing up nearly 500 points. Investors sobered up on Tuesday but stocks resumed their ascent on Wednesday and Thursday. Better than expected reports on new home sales, durable goods orders and personal spending improved the backdrop for equities. Stocks traded lower on Friday as bank executives tempered their recent positive assessment of business trends. The S&P 500 came to rest 20.9% above its March 9th low. In earnings news, **Walgreen** reported solid quarterly results boosted by generic drug prescriptions. **Best Buy** beat expectations with its quarterly results and guided full-year expectations higher. Best Buy shares gained 18% for the week. **ConAgra Foods**' earnings topped estimates. Looking ahead to the coming week, the financial sector will once again be in focus as a hearing on mark-to-market accounting on Thursday could result in changes to Q1 earnings for banks. The monthly employment report for March due out Friday is unlikely to be upbeat and investors may face a test of their conviction if job losses and the unemployment rate are shown to be mounting. Skepticism of this market rally runs deep with many doubters citing short-covering, performance-chasing and quarter-end window dressing by portfolio managers as reasons to remain wary. Ultimately analysts and investors will need to see some signs from the corporate sector that earnings have stopped deteriorating for stocks to sustain their recent upward trajectory.