First Trust

Weekly Market Commentary & Developments

Week Ended April 8, 2011

US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	0.03 (-02 bps)	GNMA (30 Yr) 6% Coupon:	110-1/32 (2.33%)
6 Mo. T-Bill:	0.10 (-03 bps)	Duration:	3.53 years
1 Yr. T-Bill:	0.25 (+02 bps)	30-Year Insured Revs:	148.7% of 30 Yr. T-Bond
2 Yr. T-Note:	0.80 (+01 bps)	Bond Buyer 40 Yield:	5.72% (+04 bps)
3 Yr. T-Note:	1.30 (+07 bps)	Crude Oil Futures:	113.14 (+5.20)
5 Yr. T-Note:	2.30 (+07 bps)	Gold Futures:	1475.00 (+46.90)
10 Yr. T-Note:	3.57 (+13 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	4.64 (+15 bps)	BB, 7-10 Yr.:	6.36% (-08 bps)
		B, 7-10 Yr.:	7.42% (-08 bps)

Treasury prices were generally lower this week as the yield curve steepened on increasing anxiety about inflation as investors expressed concern that the Fed may be holding rates low for too long. The European Central Bank increased its key policy rate 0.25% this week to 1.25%. Gold rose to a record high and crude oil increased to the highest levels since 2008. The Treasury will sell $66 billion in new securities next week including $32 billion in 3-year notes, $21 billion in 10-year notes and $13 billion in 30-year bonds, matching expectations. The March ISM Non-Manufacturing Index was released Tuesday at 57.3 which was less than the expectation of 59.5. Major economic reports (and related consensus forecasts) for next week include: Wednesday: March Advance Retail Sales (0.5%, 0.7% excluding autos), February Business Inventories (0.8%); Thursday: March Producer Price Index (1.0% MoM, 6.2% YoY), March Producer Price Index Excluding Food and Energy (0.2% MoM, 1.9% YoY); Friday: March Consumer Price Index (0.5% MoM, 2.6% YoY), March Consumer Price Index Excluding Food and Energy (0.2% MoM, 1.2% YoY), April Empire Manufacturing Index (17.0), March Industrial Production (0.6%), March Capacity Utilization (77.4%), April Preliminary U of M Consumer Confidence (69.0).

US Stocks

Weekly Index Performance:

DJIA:	12380.05 (+3.33,+0.0%)
S&P 500:	1328.17 (-4.24,-0.3%)
S&P MidCap:	987.62 (-8.81,-0.9%)
S&P Small Cap:	444.31 (-3.72,-0.8%)
NASDAQ Comp:	2780.41 (-9.19,-0.3%)
Russell 2000:	840.89 (-5.88,-0.7%)

Market Indicators:

Strong Sectors:	Staples, Materials, Health Care
Weak Sectors:	Industrials, Telecom Svcs, Discretionary
NYSE Advance/Decline:	1,359 / 1,801
NYSE New Highs/New Lows:	575 / 34
AAII Bulls/Bears:	43.6% / 28.9%

US stocks finished marginally lower last week as the prospects of a government shutdown and rising oil prices kept investors on the sidelines. Oil gained almost $5 to end the week at $112.79/bbl. March retail same store sales were generally good. **Costco** and **Bed Bath and Beyond** were among those with positive comments. **Abercrombie & Fitch** shares surged after the company raised its full year outlook due to strong international demand. **Gap** reported soft March sales blaming the Japan earthquake and a later Easter for the weakness. **Southwest Airlines** grounded 79 planes and cancelled numerous flights following an emergency landing due to a ruptured fuselage. **Cisco** gained after CEO Chambers hinted at a renewed company focus in an internal memo. Rumors circulated that Cisco will exit its consumer business. **Monsanto** shares fell despite solid earnings as revenues were light. **Ingersoll-Rand** boosted its dividend and share buyback. **Seagate** shares jumped after 3Q revenue guidance beat expectations and its dividend was reinstated. Nasdaq announced a special rebalance of the Nasdaq 100 Index. **Apple** will go from a 20% weight to 12% as a result. **Pfizer** raised its 2011 revenue guidance. Merger and acquisition activity was brisk again this past week. **Texas Instruments** announced a $6.5 billion bid for **National Semiconductor** to expand its analog offerings while **Diamond Foods** will buy Pringles from **Proctor & Gamble** for $1.5 billion. Looking ahead, earnings season gets underway this week. Investors will be scouring reports for evidence that recent data suggesting a resilient economy is translating into both top and bottom line results. While data suggests the economy continues to improve, the looming end of QE2 and rising inflation pressures bear watching in the coming months.