First Trust

Weekly Market Commentary & Developments

Week Ended April 21, 2011

US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	0.05 (-01 bps)	GNMA (30 Yr) 6% Coupon:	110-5/32 (2.27%)
6 Mo. T-Bill:	0.10 (-01 bps)	Duration:	3.91 years
1 Yr. T-Bill:	0.20 (-02 bps)	30-Year Insured Revs:	151.2% of 30 Yr. T-Bond
2 Yr. T-Note:	0.66 (-03 bps)	Bond Buyer 40 Yield:	5.62% (-04 bps)
3 Yr. T-Note:	1.15 (-04 bps)	Crude Oil Futures:	112.25 (+2.82)
5 Yr. T-Note:	2.11 (-01 bps)	Gold Futures:	1505.20 (+17.80)
10 Yr. T-Note:	3.49 (-01 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	4.47 (+01 bps)	BB, 7-10 Yr.:	6.31% (-02 bps)
		B, 7-10 Yr.:	7.37% (-02 bps)

While there was some intraday movement in Treasury prices, they closed the week only slightly off of their levels to open the week. Prices were slightly higher at the all levels except for the 30-year bond, which saw its price decline marginally. There was very little economic news for the week, with housing data being the most notable. Both housing starts and existing home sales were higher in March, and both exceeded analysts' forecasts. The biggest news for the week regarding Treasuries was Monday's downgrade by Standard & Poor's of the outlook of U.S. debt to negative. While the debt remains AAA-rated, S&P noted that the continued inability of legislators and policymakers to settle on a long-term plan to reduce the federal deficit placed the U.S. out of line with its AAA-rated peers. The news affected the markets only briefly as strong earnings information and European debt fears had greater – but offsetting – effects on the market through the remainder of the week. Monday: March New Home Sales (280,000, +12.0%); Wednesday: March Durable Goods Orders (2.00%, Ex Transportation +1.60%) and FOMC Rate Decision (0.25%); Thursday: 1Q Advance Gross Domestic Product (Annualized) (+1.8%, Price Index +2.4%, Personal Consumption +2.0%), Initial Jobless Claims, and March Pending Home Sales (+1.50%).

US Stocks

Weekly Index Performance:

DJIA:	12505.99 (+164.16,+1.3%)
S&P 500:	1337.38 (+17.70,+1.3%)
S&P MidCap:	995.16 (+12.59,+1.3%)
S&P Small Cap:	447.51 (+5.41,+1.2%)
NASDAQ Comp:	2820.16 (+55.51,+2.0%)
Russell 2000:	845.64 (+10.66,+1.3%)

Market Indicators:

Strong Sectors:	Technology, Materials, Energy
Weak Sectors:	Telecom Svcs, Financials, Consumer Staples
NYSE Advance/Decline:	2,197/ 968
NYSE New Highs/New Lows:	319 / 49
AAII Bulls/Bears:	32.2% / 31.0%

US stocks snapped a two week slide as strong earnings were more than enough to overcome Monday jitters caused by S&P's negative outlook on US debt. Earnings season is off to a strong start. Just over 25% of the S&P 500 has reported and 75% have beat analyst expectations. Technology shares led the week's gains due to strong earnings from **Apple, Intel** and **Qualcomm**. **Apple's** EPS surged 92% over the prior year driven by iPhone sales. **Intel** was boosted by strong corporate demand while continued smartphone adoption drove results at **Qualcomm**. **IBM** also reported strong top and bottom line results though contract signings were scrutinized. **Texas Instruments** missed EPS citing the recent events in Japan and soft baseband wireless chip demand. Wall Street titans **Goldman Sachs** and **Morgan Stanley** reported better than expected results though profits were down significantly from the prior year. **Citigroup** also reported a year over year earnings decline citing fewer consumer loans and lower investment banking revenue. **Halliburton** reported strong revenue gains due to a rebounding North American market. **Johnson & Johnson** reported solid results on strong overseas results. **Union Pacific** fell short of estimates blaming winter storms and higher fuel costs. **Biogen** shares surged on positive clinical trial data for its multiple sclerosis drug. Patent expiration concerns overshadowed solid results at **Eli Lilly**. **GE** shares slid following better than expected results driven by GE Financial. Housing data revealed March permits and existing home sales gained though remained below year ago levels. Looking ahead, earnings will again be in focus as will a handful of economic reports. An unprecedented press conference by Fed Chairman Bernanke on Wednesday will also be closely followed. While data continues to point toward economic growth and conditions remain favorable for equities, the looming end of QE2 and rising inflation pressures could cause short term volatility in equity markets.