

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.033 (0.5 bps)	GNMA (30 Yr) 6% Coupon:	110-13 ^{1/4} /32 (3.02%)
6 Mo. T-Bill:	0.046 (1.5 bps)	Duration:	3.77 years
1 Yr. T-Bill:	0.066 (1.8 bps)	Bond Buyer 40 Yield:	3.55 (10 bps)
2 Yr. T-Note:	0.127 (2.2 bps)	Crude Oil Futures:	61.50 (2.26)
3 Yr. T-Note:	0.276 (7.0 bps)	Gold Spot:	1,734.04 (-50.21)
5 Yr. T-Note:	0.731 (15.5 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.405 (6.9 bps)	U.S. High Yield:	4.86 (12 bps)
30 Yr. T-Bond:	2.151 (1.8 bps)	BB:	3.89 (17 bps)
		B:	5.24 (6 bps)

Treasury yields rose significantly over the course of the week, with the 10-year Treasury yield rising above 1.50% before settling at 1.41%, on optimism of the COVID vaccine, a recovery in the U.S. economy, a massive fiscal stimulus policy and loose monetary policy. These have all led to significant inflation worries and investors are demanding a higher yield. Early in the week Treasury yields rose moderately despite comments from Federal Reserve Chairman Jerome Powell, who said the central bank would “clearly communicate” any change in bond buying well in advance, along with saying that the rising yields were a “statement of confidence on the part of the markets that we will have a robust and ultimate complete recovery.” Powell also suggested a longer timetable to reduce the bond buying and first interest rate increase. On Thursday, yields soared as the sale of \$62 billion of 7-year notes had its poorest showing in history when the gap between the highest yield and the beginning yield reached a record 4.2 basis points. Yields pulled back slightly on Friday but still finished high enough to have the largest one-month rise in interest rates since November 2016. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: February Final Market US Manufacturing PMI (58.5, 58.5), January Construction Spending MoM (0.8%, 1.0%), February ISM Manufacturing (58.6, 58.7); Wednesday: February 26 MBA Mortgage Applications (n/a, -11.4%), February ADP Employment Change (170k, 174k); Thursday: February 27 Initial Jobless Claims (793k, 730k), January Final Durable Goods Orders (n/a, 3.4%), January Factory Orders (1.3%, 1.1%); Friday: February Change in Nonfarm Payrolls (150k, 49k), February Unemployment Rate (6.4%, 6.3%), January Trade Balance (-\$67.5b, -\$66.6b).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	30,932.37 (-1.70%)	Strong Sectors:	Energy, Financials,
S&P 500:	3,811.15 (-2.41%)		Industrials
S&P Midcap:	2,496.26 (-1.51%)	Weak Sectors:	Utilities, Cons Discretionary,
S&P Smallcap:	1,278.56 (-0.77%)		Information Technology
NASDAQ Comp:	13,192.35 (-4.90%)	NYSE Advance/Decline:	1,043 / 2,284
Russell 2000:	2,201.05 (-2.87%)	NYSE New Highs/New Lows:	653 / 110
		AAII Bulls/Bears:	45.9% / 23.8%

The S&P 500 Index declined 2.41% last week with only one sector showing positive performance. Equities were led lower by utilities, consumer discretionary, and information technology sectors. Treasury yields continued their recent rapid ascent resulting in volatility in stocks as reflation policies once again tested the strength in the equity bull market. Federal Reserve Chairman Jerome Powell testified before Congress pledging to continue a supportive monetary policy and downplaying inflation concerns. U.S. initial jobless claims of 730K were much lower than the consensus estimate of 825K and the previous week's claims of 861K. Crude oil closed at \$61.50 per barrel on Friday, jumping 3.81% for the week helping energy post the best and only positive sector performance. Some of the top energy names last week included **Marathon Oil Corp**, **Pioneer Natural Resources Company**, **Apache Corp**, **Haliburton Company**, **NOV Inc.**, and **Valero Energy Corp**. The best performance in the S&P 500 Index last week was Royal Caribbean Cruises Ltd., returning 18.26%. News of the Johnson & Johnson vaccine this week helped boost travel & leisure stocks such as cruise lines and airlines whose shares were hit hard at the start of COVID-19 and have weathered a tough business season through the pandemic. Other top performing travel & leisure stocks included **American Airlines Group Inc.**, **Norwegian Cruise Line Holdings Ltd**, **Southwest Airlines Company**, **United Airlines Holding Inc.**, **Carnival Corp**, and **Marriott International Inc**. The worst performing stock last week in the S&P 500 Index was **Viatis Inc.**, a global healthcare company with many products such as Lipitor and Xanax, returning -18.45%. The stock opened lower on Monday after the company issued 2021 revenue guidance below estimates. The company announces earnings on March 3. Other companies expected to announce earnings this week include **Broadcom Inc.**, **Costco Wholesale Corp**, **Target Corp**, **Ross Stores Inc.**, **Brown-Forman Corp**, **Autozone Inc.**, **The Kroger Company**, and many more.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.