

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.081 (1.8 bps)	GNMA (30 Yr) 6% Coupon:	112-11/32 (2.27%)
6 Mo. T-Bill:	0.084 (0.8 bps)	Duration:	3.63 years
1 Yr. T-Bill:	0.084 (0.3 bps)	Bond Buyer 40 Yield:	3.46 (-1 bp)
2 Yr. T-Note:	0.121 (0.6 bps)	Crude Oil Futures:	49.10 (2.53)
3 Yr. T-Note:	0.180 (0.6 bps)	Gold Spot:	1,881.35 (41.5)
5 Yr. T-Note:	0.381 (1.6 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	0.946 (5.0 bps)	U.S. High Yield:	5.09 (-18 bps)
30 Yr. T-Bond:	1.692 (6.5 bps)	BB:	3.90 (-04 bps)
		B:	5.46 (-06 bps)

While equities were setting record highs, Treasury yields were seen increasing last week as signs of progress for a new Fiscal Relief package were observed in Congress. Indications were for a \$900 Billion dollar package and Treasury yields moved around the news. Last Thursday's unemployment claims increase to 885,000 was higher than anticipated. Markets seemed to be anticipating that Congress would pass aid as more Americans are requesting unemployment benefits. Weekly initial unemployment claims peaked this March at nearly 7 million. While they steadily fell into the summer there has been a recent uptick in claims as 2020 draws to a close. The Federal Reserve's Wednesday meeting left rates unchanged, which was expected, and clarified that the current Fed purchase of monthly Treasury and Mortgage bonds will be maintained "until substantial further progress" toward unemployment and inflation goals are achieved. Last Tuesday saw a rise in Industrial Production with auto production leading the way up 5.3%. November retail sales were recorded falling last Wednesday led by a decline in restaurants and bars. Major economic reports (related consensus forecasts, prior data) for the upcoming holiday-shortened week include Tuesday: Q3 Quarter over Quarter Annualized GDP (33.1%, unch.), December Conference Board Consumer Confidence (97.8, 96.1) and November Existing Home Sales (6.70M, 6.85M); Wednesday: December 18 MBA Mortgage Applications (N/A, 1.1%), December 19 Initial Jobless Claims (N/A, 885K), November preliminary Durable Goods Orders (0.6%, 1.3%), November Personal Income (-0.3%, -0.7%), November Personal Spending (-0.1%, 0.5%), December final University of Michigan Sentiment (80.9, 81.4) and November New Home Sales (990K, 999K).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	30,179.05 (0.46%)	Strong Sectors:	Info Tech, Consumer Disc, Materials
S&P 500:	3,709.41 (1.29%)	Weak Sectors:	Energy, Comm Services, Industrials
S&P Midcap:	2,287.26 (2.16%)	NYSE Advance/Decline:	1,855 / 1/381
S&P Smallcap:	1,108.16 (2.03%)	NYSE New Highs/New Lows:	549 / 21
NASDAQ Comp:	12,755.64 (3.08%)	AAII Bulls/Bears:	43.4% / 26.3%
Russell 2000:	1,969.99 (3.08%)		

With a week until Christmas, the S&P 500 has returned 16.87% during the course of 2020. Last week, Information Technology and Consumer Discretionary stocks led the index while Energy and Communication Services lagged. Washington continues to be one of the main drivers of market action. As stocks hit record highs on Friday, talks broke down among lawmakers working towards another round of stimulus. To compound the intraday volatility, options and futures on indexes and equities expired which is known as a "quadruple witching". Monetary policy set by the Federal Reserve should continue on its "easy money" path after the Board of Governors voted to keep rates near zero on Wednesday. With a sign of confidence coming in late Friday, the Fed announced that banks will be able to buy back shares following a successful stress test. **JPMorgan** was one of the first banks to comment saying the bellwether plans to purchase up to \$30 billion dollars' worth of shares in the first quarter of next year. In deal news, **Alexion Pharmaceuticals** is set to be acquired by **AstraZeneca** for a 40% premium to its previous close. AstraZeneca looks to diversify its business which focused on oncology into new areas such as immunology. Looking at stocks through the consumer and technology lens, **Etsy**, **PayPal**, and **eBay** were all top performers in the S&P 500. Next week, the Christmas holiday will have markets closed on Friday. The shortened week will have no shortage of economic data as GDP, home sales, and employment data are all set to be released.

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