

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.058 (-2.3 bps)	GNMA (30 Yr) 6% Coupon:	109-16/32 (3.06%)
6 Mo. T-Bill:	0.081 (-1.0 bps)	Duration:	3.59 years
1 Yr. T-Bill:	0.104 (1.8 bps)	Bond Buyer 40 Yield:	3.46 (unch.)
2 Yr. T-Note:	0.121 (0.2 bps)	Crude Oil Futures:	48.52 (0.29)
3 Yr. T-Note:	0.165 (unch.)	Gold Spot:	1,898.67 (15.21)
5 Yr. T-Note:	0.361 (-0.1 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	0.913 (-1.0 bps)	U.S. High Yield:	5.00 (-10 bps)
30 Yr. T-Bond:	1.645 (-1.5 bps)	BB:	3.81 (-9 bps)
		B:	5.40 (-6 bps)

Treasury yields remained mostly flat over the course of the week as uncertainty remained around the size and scope of the stimulus package. On Sunday, President Trump signed the \$900 billion pandemic relief package and a \$1.4 billion government funding bill. On Monday, the House passed a bill that would increase the stimulus payments to individuals from \$600 to \$2000. However, that bill stalled in the Senate on Tuesday and talks will continue in the new year. In the United Kingdom the Oxford University AstraZeneca Covid-19 vaccine was approved so vaccinations could begin early next year. Health officials believe this should help combat the new, more virulent strain that has become more prevalent in the U.K. On Friday, Initial Jobless Claims fell to 787k last week, beating expectations of 835k and continuing claims fell to 5219k, beating expectations of 5370k. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: December Final Market US Manufacturing PMI (56.3, 56.5), November Construction Spending MoM (1.1%, 1.3%); Tuesday: December ISM Manufacturing (56.5, 57.5); Wednesday: Jan 1 MBA Mortgage Applications (n/a, 0.8%), December ADP Employment Change (50k, 307k), November Factory Orders (0.7%, 1.0%), November Final Durable Goods Orders (0.9%, 0.9%); Thursday: Jan 2 Initial Jobless Claims (n/a, 787k), November Trade Balance (-\$67.2b, -\$63.1b); Friday: December Change in Nonfarm Payrolls (50k, 245k), December Unemployment Rate (6.8%, 6.7%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	30,501.78 (1.35%)	Strong Sectors:	Utilities, Cons. Discretionary, Comm. Services
S&P 500:	3,742.73 (1.45%)	Weak Sectors:	Industrials, Info. Tech, Energy
S&P Midcap:	2,312.46 (-0.34%)	NYSE Advance/Decline:	1,789 / 1,420
S&P Smallcap:	1,118.93 (-0.18%)	NYSE New Highs/New Lows:	459 / 14
NASDAQ Comp:	12,861.36 (0.66%)	AAll Bulls/Bears:	46.1% / 26.8%
Russell 2000:	1,981.02 (-1.41%)		

Equity markets, as measured by the S&P 500, closed the final week of 2020 up 1.35% with Utilities and Consumer Discretionary sectors leading the way. All told 2020 was a remarkably resilient year for equities as the S&P 500 closed 2020 up 18.39%. In February and March equities were rocked by the global COVID-19 pandemic which caused the quickest peak to trough recession in market history in a mere 33 days. However, the quickest full retracement in market history ensued lasting only 148 days underpinning equity resilience during this pandemic year. For 2020 S&P 500 Information Technology sector was up 42.89% S&P 500 Consumer Discretionary sector was up 33.30% and S&P 500 Communication Services sector was up 23.61% to fuel the S&P 500 gains during 2020. The laggards for 2020 were the S&P 500 Energy sector with a -33.68% return, S&P 500 Real Estate sector -2.17% return and the S&P 500 Financials sector -1.76% return. Fueling much of the return in the S&P 500 were the largest five Tech+ names (**Apple Inc**, **Microsoft Corp**, **Amazon.com Inc.**, Google's parent **Alphabet Inc.** and **Facebook Inc.**) which were a 16.79% weight in the index to start the year. These five names were up an average of 53.04% and ended the year a remarkable 21.74% weight in the S&P 500 despite **Tesla Inc.** entering the index on 12/21/2020 at a 1.58% weight taking weight from other names. Looking ahead, next year starts off quickly as next Tuesday there are two U.S. Senate runoff to determine partisan control of the U.S. Government. If the Democrats win both that would bring the senate to a 50-50 tie which would then have a tie broken by the Vice President-Elect Kamala Harris after her January 20<sup>th</sup> inauguration. If the Republicans win one of the two Georgia races, they would retain control of the Senate for the next two years dealing a big blow to Democrats hoping to pass progressive initiatives. Currently most polls have a statistical tie (within the margin of error) so it is still up in the air.

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