

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.175 (1.5 bps)	Bond Buyer 40 Yield:	3.59 (6 bps)
6 Mo. T-Bill:	0.406 (5.9 bps)	Crude Oil Futures:	86.82 (1.68)
1 Yr. T-Bill:	0.734 (18.7 bps)	Gold Spot:	1,791.53 (-43.85)
2 Yr. T-Note:	1.162 (16.1 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	1.374 (8.8 bps)	U.S. High Yield:	5.52 (32 bps)
5 Yr. T-Note:	1.613 (5.6 bps)	BB:	4.54 (29 bps)
10 Yr. T-Note:	1.769 (1.1 bps)	B:	5.90 (32 bps)
30 Yr. T-Bond:	2.073 (0.2 bps)		

The Fed left interest rates unchanged last Wednesday, as expected, but signaled it will raise interest rates and end its asset purchases in March as it starts to move away from the highly accommodative monetary policy it put in place during the pandemic. The moves come in response to high inflation, which continued to show up in data released last week. The Employment Cost Index showed wages and benefits paid by employers grew 4% last year, its highest increase since 2001. Meanwhile, the Personal Consumption Expenditures Price Index, a measure of prices paid for goods and services in the U.S., increased 5.8% from the prior year, which was its highest increase since 1982. This comes on the heels of December's 7% increase in the Consumer Price Index. The Fed last raised interest rates in December 2018 and cut them to near zero in March 2020 in response to the pandemic. Other economic data released last week showed the U.S. economy grew at a 6.9% annual rate in the fourth quarter of 2021, which was faster than expected. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: January MNI Chicago PMI (61.8, 63.1); Tuesday: January ISM Manufacturing (57.5, 58.7), January Final Markit US Manufacturing PMI (55.0, 55.0); Wednesday: January 28 MBA Mortgage Applications (N/A, -7.1%), January ADP Employment (208k, 807k); Thursday: January 29 Initial Jobless Claims (250k, 260k), December Final Durable Goods Orders (N/A, -0.9%), December Factory Orders (-0.2%, 1.6%); Friday: January Change in Nonfarm Payrolls (168k, 199k), January Unemployment Rate (3.9%, 3.9%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	34,725.47 (1.34%)	Strong Sectors:	Energy, Info Tech, Financials
S&P 500:	4,431.85 (0.79%)	Weak Sectors:	Industrials, Utilities, Consumer Discretionary
S&P Midcap:	2,578.31 (-0.61%)	NYSE Advance/Decline:	1,199 / 2,419
S&P Smallcap:	1,271.86 (-0.80%)	NYSE New Highs/New Lows:	80 / 1,153
NASDAQ Comp:	13,770.57 (0.02%)	AAII Bulls/Bears:	23.1% / 52.9%
Russell 2000:	1,968.51 (-0.97%)		

The S&P 500 Index returned 0.79% last week, posting its first positive week of 2022. The index is down 6.93% YTD after four weeks of trading. Equities have been under pressure as investors focus on inflation, supply chain issues, Fed decisions on tapering and timing of rate increases, the economic effects of Covid-19 restrictions and the increasing Ukraine and Russian border tension. Volatility was evidenced throughout the week starting with Monday's 4% decline by mid-day, but then the index recovered to close the day gaining 28 basis points. Tuesday followed a similar pattern as the index declined 2.8% after the open but bounced back though ultimately ending with a -1.22% return for the day. On Wednesday, markets appeared to have positively digested the FOMC statement. However, equities declined sharply in the afternoon giving back early gains after Federal Reserve Chairman Powell's press conference comments gave a more hawkish stance than what was interpreted from the earlier statement. Equities rallied on Friday with the technology sector leading the way as tech giant **Apple Inc.**, the largest company in the S&P 500 Index, jumped 6.98%, helping the S&P 500 Information Technology Index gain 4.35%. The company reported over \$30 billion in earnings and revenue exceeding \$120 billion for the quarter with strong sales of their iPhone 13 and other products. Specialty glass technology company **Corning Inc.**, was the best performer in the S&P 500 Index last week, returning 20.14%. The stock jumped on Wednesday after reporting their fourth quarter results beat expectations. Energy was the strongest performing sector during the volatile week with the S&P 500 Energy Index returning 5.09%. Strong performing energy names included **Halliburton Company**, **Coterra Energy Inc.**, **Devon Energy Corp**, **Occidental Petroleum Corp**, and **APA Corp**, all posting double-digit returns. Crude oil closed at \$86.82 per barrel on Friday, returning 1.97% for the week and is already up 15.44% in 2022. Earnings season is under way and announcements expected this week include **Alphabet Inc.**, **Amazon.com Inc.**, **Meta Platforms Inc.**, **Exxon Mobil Corp**, **AbbVie Inc.**, **Eli Lilly & Company**, **Merck & Company Inc.**, **PayPal Holdings Inc.**, **QUALCOMM Inc.**, 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.