

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	5.375 (1.3 bps)	Bond Buyer 40 Yield:	4.75 (7 bps)
6 Mo. T-Bill:	5.263 (2.4 bps)	Crude Oil Futures:	76.42 (2.51)
1 Yr. T-Bill:	4.792 (6.7 bps)	Gold Spot:	2,032 (-22.80)
2 Yr. T-Note:	4.364 (11.6 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.142 (12.6 bps)	U.S. High Yield:	7.93 (-3 bps)
5 Yr. T-Note:	3.982 (15.4 bps)	BB:	6.56 (1 bps)
10 Yr. T-Note:	4.020 (15.6 bps)	B:	7.99 (-6 bps)
30 Yr. T-Bond:	4.221 (15.2 bps)		

Treasury yields finished higher across the board last week after a batch of strong economic data supported the notion that the Fed will take a cautious approach with interest rate cuts. On Monday, the ISM Non-Manufacturing index rose to 53.4 in January, beating the consensus expected of 52.0 and signaling no signs of recession in the service sector. All the major measures of activity were mostly higher in January. The trade deficit in goods came in slightly larger than expected on Wednesday. Exports were led by nonmonetary gold, other petroleum products, and crude oil while imports were led by pharmaceuticals and cellphones & other household goods. Initial jobless claims declined from a three-month high on Thursday, falling by 9,000 to 218,000 last week. Jobless claims continue to remain extremely low as businesses have been reluctant to lay off workers because of a tight and steadily growing economy. Treasury yields continued to trade higher, with the 2-year reaching its highest since mid-December, as the CPI revisions gave new life to investors' optimistic views on the U.S. economy. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: January CPI MoM (0.2%, 0.2%), January CPI YoY (2.9%, 3.4%); Wednesday: February MBA Mortgage Applications (N/A, 3.7%); Thursday: February Empire Manufacturing (-11.8, -43.7), January Retail Sales Advance MoM (0.1%, 0.6%), February 10 Initial Jobless Claims (220k, 218k), January Industrial Production MoM (0.3%, 0.1%); Friday: January Housing Starts (1460k, 1460k), January PPI Final Demand MoM (0.1%, -0.1%), February Preliminary University of Michigan Sentiment (80.0, 79.0).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow®	38,671.69 (0.09%)	Strong Sectors:	Information Technology, Consumer Disc, Health Care
S&P 500®	5,026.61 (1.40%)	Weak Sectors:	Utilities, Consumer Staples, Energy
S&P MidCap 400®	2,808.47 (1.51%)		
S&P SmallCap 600®	1,288.34 (1.19%)		
Nasdaq Composite®	15,990.66 (2.34%)	NYSE Advance/Decline:	1,634 / 1,290
Russell 2000®	2,009.99 (2.43%)	NYSE New Highs/New Lows:	360 / 126
		AAll Bulls/Bears:	49.0% / 22.6%

Big tech continued to rally propelling the S&P 500 past the 5,000 mark by climbing 1.4% last week. The all-time high in equities was fueled by investors' positive sentiment that the Federal Reserve will soon be able to cut interest rates and artificial intelligence will boost corporate profits. The index has booked gains in 14 out of the past 15 weeks. The effects of a strong economic backdrop have been evident in corporate earnings reports. About two-thirds of companies have reported with 80% of S&P 500 names beating earnings expectations. Historically, about 74% of companies beat earnings expectations according to Bloomberg. Upward earnings revisions, combined with an optimistic profit outlook, have kept stocks moving higher. Double-digit returns in the best-performing names in the S&P 500 were led by **Enphase Energy**, **Ralph Lauren**, and **Monolithic Power Systems Inc.** Tech names returned 3.25% to lead the index, and rate-sensitive Utilities and Consumer Staples were the lagging groups. Even with large-cap tech making headlines, mid and small-cap names outperformed their large-cap peers. The S&P MidCap 400 gained 1.51% and the Russell 2000 rose by 2.43%. While the Russell 2000 is still down about 1% year-to-date, its weekly performance highlights ongoing strength in smaller companies. Key economic data releases next week include CPI, retail sales, import and export prices, jobs, and consumer sentiment. Investors will also be closely watching the tail end of earnings season for further signs of positive momentum heading into the second half of the quarter.

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