

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.373 (-2.0 bps)	GNMA (30 Yr) 6% Coupon:	106-12/32 (4.10%)
6 Mo. T-Bill:	2.502 (0.8 bps)	Duration:	4.04 years
1 Yr. T-Bill:	2.583 (0.4 bps)	Bond Buyer 40 Yield:	4.13 (3 bps)
2 Yr. T-Note:	2.606 (-0.8 bps)	Crude Oil Futures:	53.69 (-0.11)
3 Yr. T-Note:	2.588 (-1.1 bps)	Gold Spot:	1,305.25 (+23.14)
5 Yr. T-Note:	2.599 (-2.4 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.758 (-2.6 bps)	U.S. High Yield:	7.19 (2 bps)
30 Yr. T-Bond:	3.066 (-3.1 bps)	BB:	5.61 (-1 bps)
		B:	7.60 (6 bps)

U.S. Treasury note yields fell early in the week on weak economic data out of China. In 2018, China's economy grew at its slowest pace in nearly three decades. Treasury note yields continued to fall on Thursday as investors favored safe haven investments after European Central Bank President Mario Draghi stated the eurozone's outlook has shifted to the downside, further fueling uncertainty in the global economy. Housing data released on Thursday stated U.S. existing home sales fell 10.3% from a year ago. The decline in sales can be attributed to mortgage rates increasing and new tax regulations capping state and local deductions. Treasury notes yields pushed higher on Friday as the United States President Donald Trump announced a temporary deal to re-open the government. Even though the agreement is for only three weeks, this alleviates some uncertainty moving forward. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: November Preliminary Wholesale Inventories MoM (0.5%, 0.8%), November New Home Sales (567k, 544k), November Construction Spending MoM (0.2%, -0.1%), November Factory Orders (0.3%, -2.1%), November Final Durable Goods Orders (0.8%, 0.8%), November Trade Balance (-\$54.0b, -\$55.5b), December Retail Sales Advance MoM (0.1%, 0.2%), December Housing Starts (1253k, 1256k); Tuesday: December Preliminary Wholesale Inventories MoM (N/A, N/A), January Conference Board Consumer Confidence (124.8, 128.1), December Preliminary Durable Goods Orders (1.5%, N/A), December New Home Sales (575k, N/A), November Final Inventories MoM (N/A, N/A); Wednesday: January 25 MBA Mortgage Applications (N/A, -2.7%), January ADP Employment Change (180k, 271k), 4Q A GDP Annualized QoQ (2.6%, 3.4%), January 30 FOMC Rate Decision (Upper Bound) (2.50%, 2.50%); Thursday: December Personal Income (0.5%, 0.2%), December Person; Friday: January Change in Nonfarm Payrolls (160k, 312k), January Unemployment Rate (3.9%, 3.9%), January Final Markit US Manufacturing PMI (54.9, 54.9), January ISM Manufacturing (54.3, 54.1), December Construction Spending MoM (N/A, N/A), January Final University of Michigan Sentiment (90.7, 90.7).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	24,737.20 (+0.12%)	Strong Sectors:	Info Tech, Real Estate, Industrials
S&P 500:	2,664.76 (-0.21%)	Weak Sectors:	Consumer Staples, Comm Services, Health Care
S&P Midcap:	1,818.57 (+0.09%)		Financials
S&P Smallcap:	922.98 (-0.13%)	NYSE Advance/Decline:	1,647 / 1,405
NASDAQ Comp:	7,164.86 (+0.11%)	NYSE New Highs/New Lows:	71 / 48
Russell 2000:	1,482.85 (+.03%)	AAll Bulls/Bears:	37.7% / 30.0%

After selling-off to begin the holiday-shortened week, equity markets rallied back to finish relatively flat for the week. Stocks opened on shaky ground after the International Monetary Fund reduced their forecast for global economic growth and the Chinese economy grew at its slowest pace since 1990. U.S. stocks moved higher on the final three days of the week as positive earnings and a short-term funding package to reopen the government buoyed stocks. In economic news, resales of houses weakened to the slowest pace in three years as higher prices are keeping many potential buyers priced out of the market. Turning to earnings season, shares of **International Business Machines** jumped by over 10% after projecting strong future growth from cloud computing and data analytics. In addition, investors are optimistic that other legacy segments are close to bottoming. **Procter & Gamble Co.** also reported strong results due to 4% organic revenue growth as the beauty segment grew by 8% and overall volumes increased by 2%. **Synchrony Financial** jumped after announcing Sam's Club will be renewing their contract and Walmart Inc. dropped their lawsuit against the company. By contrast, **Freeport-McMoRan Inc.**, a large copper miner, fell over 10% for the week on concerns over future demand and higher costs. Looking to next week, January's employment report, a busy week of earnings and progress in trade talks will be key issues on investors' minds. The S&P 500 is projected to grow earnings by 12% for the 4th quarter and 6% in 2019 as the tax-cuts sunset and global growth slows. Despite slower growth, markets could continue to rebound in 2019 as valuations remain reasonable due to strong growth in corporate profits in 2018 coupled with a decline in the market.

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