

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.412 (2.6 bps)	GNMA (30 Yr) 6% Coupon:	106-16/32 (4.06%)
6 Mo. T-Bill:	2.489 (3.1 bps)	Duration:	4.01 years
1 Yr. T-Bill:	2.524 (-3.2 bps)	Bond Buyer 40 Yield:	4.05 (-3 bps)
2 Yr. T-Note:	2.465 (-3.7 bps)	Crude Oil Futures:	52.72 (-2.54)
3 Yr. T-Note:	2.440 (-4.8 bps)	Gold Spot:	1,314.29 (-3.69)
5 Yr. T-Note:	2.444 (-5.9 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.634 (-5.0 bps)	U.S. High Yield:	7.08 (-2 bps)
30 Yr. T-Bond:	2.980 (-4.5 bps)	BB:	5.46 (-3 bps)
		B:	7.52 (+1 bps)

U.S. government bond prices rose last week on strong demand and weak economic data out of Europe. In the U.S., the January reading of the ISM non-manufacturing index missed expectations as the government shutdown weighed on sentiment but still signaled expansion, declining from 58.0 in December to 56.7. In Europe, German manufacturing orders and industrial production both fell unexpectedly in December and the European Union cut its forecast for economic growth in the area from 1.9% in 2019 to 1.3%, pushing U.S. government bond prices higher. Meanwhile, fears lingered that the U.S. and China will not reach a trade deal ahead of a March 1 deadline after White House economic adviser Larry Kudlow said a deal was a “pretty sizable distance” away. Following the March 1 deadline, suspensions on certain tariff increases will be lifted. At the end of last week, Fed funds futures implied nearly a nearly 0% chance that the Fed will raise rates in 2019, down from about 30% only two weeks prior. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Wednesday: January CPI MoM (0.1%, -0.1%), February 8 MBA Mortgage Applications (N/A, -2.5%); Thursday: February 9 Initial Jobless Claims (225k, 234k), December Retail Sales Advance MoM (0.1%, 0.2%), January PPI Final Demand MoM (0.1%, -0.2%); Friday: February Preliminary U. of Mich. Sentiment (93.9, 91.2), January Industrial Production MoM (0.1%, 0.3%), February Empire Manufacturing (7.5, 3.9).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	25,106.33 (0.32%)	Strong Sectors:	Utilities, Info Technology, Industrials
S&P 500:	2,707.88 (0.11%)	Weak Sectors:	Energy, Materials, Financials
S&P Midcap:	1,852.45 (0.61%)	NYSE Advance/Decline:	1,457 / 1,583
S&P Smallcap:	934.59 (0.13%)	NYSE New Highs/New Lows:	179 / 42
NASDAQ Comp:	7,298.20 (0.53%)	AAll Bulls/Bears:	39.9% / 22.8%
Russell 2000:	1,506.39 (0.31%)		

The S&P 500 Index returned 11 basis points for the first full week in February. The index rallied in the month of January with an 8.01% return, following the painful fourth quarter of 2018. Information technology and industrials led the way up on Monday as the index showed its best performance of the week. Earnings releases and expectations appeared to be the catalyst as companies like Alexion Pharmaceuticals Inc, The Clorox Company, Seagate Technology PLC, and Alphabet Inc. all beat earnings estimates. Global demand concerns and trade resolution uncertainty between China and the United States had energy, information technology, and material stocks leading the S&P 500 Index down following the European market decline on Thursday. Crude oil prices closed the week at \$52.72 per barrel, decreasing 4.60% for the week. In economic news, US initial jobless claims of 234K were higher than the consensus estimate of 221K, but lower than the previous week’s 253K. **Mattel Inc.**, a designer and manufacturer of children’s toys, was the week’s best performing stock in the S&P 500 Index climbing 24.63%. The stock opened higher on Friday after the company announced better than expected earnings for the fourth quarter due to Barbie doll sales. **Coty Inc.**, a manufacturer and distributor of beauty products, returned 23.74% last week. The stock opened higher on Friday after announcing earnings and increasing profit expectations for the future. The stock has struggled in the recent past posting a -64.50% return for 2018. **Anadarko Petroleum Corp**, an oil and gas exploration company, was the week’s worst performing stock in the S&P 500 Index declining 13.64%. The stock opened lower on Wednesday and continued to decline through Friday after releasing disappointing earnings. Next week will bring more earnings news from companies such as **Cisco Systems Inc.**, **The Coca-Cola Company**, **PepsiCo Inc.**, **NVIDIA Corp**, **CME Group Inc.**, and many more.

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