

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.03 (+01 bps)	GNMA (30 Yr) 6% Coupon:	113-01/32 (1.25%)
6 Mo. T-Bill:	0.11 (+02 bps)	Duration:	3.68 years
1 Yr. T-Bill:	0.25 (+05 bps)	30-Year Insured Revs:	191.30% of 30 Yr. T-Bond
2 Yr. T-Note:	0.64 (+06 bps)	Bond Buyer 40 Yield:	4.30 (+01 bps)
3 Yr. T-Note:	1.09 (+06 bps)	Crude Oil Futures:	57.81 (-8.03)
5 Yr. T-Note:	1.65 (+08 bps)	Gold Futures:	1,222.00 (+31.9)
10 Yr. T-Note:	2.16 (+04 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	2.76 (+01 bps)	U.S. High Yield:	7.07% (-17 bps)
		BB:	5.46% (-06 bps)
		B:	7.32% (-24 bps)

Speculation of an interest-rate increase in April caused Treasuries to halt the biggest rally since 2012. On Monday, November Industrial Production beat expectations. Figures from the Federal Reserve showed the output of consumer goods surged the most in 16 years. On Tuesday, Government bond yields hit new lows amid concerns regarding global growth and market turmoil in Russia. Weak manufacturing data out of China and Germany raised concerns as well about the health of the world economy, resulting in investors preferring safer assets such as treasuries. On Wednesday, the December 12 MBA Mortgage Applications failed to meet expectations, which is in part due to the decline in U.S household wealth over the third Quarter. On Thursday, Initial Jobless Claims remained relatively unchanged, continuing to hover below 300k and signaling that the labor market should remain healthy in the near term. Major economic reports (and related consensus forecasts) for the upcoming shortened holiday week include: Monday: November Existing Home Sales (5.20M); Tuesday: November Durable Goods Orders (3.00%), Third Quarter GDP Annualized QoQ (4.30% QoQ), December University of Michigan Confidence (93.5), November New Home Sales (460K), November Personal Income (0.5%), November Personal Spending (0.5%); December 19 MBA Mortgage Applications, December 20 Initial Jobless Claims (290K).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	17,804.80 (3.04%)	Strong Sectors:	Energy, Materials, Industrials
S&P 500:	2,070.65 (3.43%)	Weak Sectors:	Cons. Discret., Cons. Staples
S&P Midcap:	1,449.73 (3.40%)		Utilities
S&P Smallcap:	685.48 (3.23%)	NYSE Advance/Decline:	2,555 / 703
NASDAQ Comp:	4,765.38 (2.42%)	NYSE New Highs/New Lows:	319 / 561
Russell 2000:	1,195.94 (3.80%)	AAll Bulls/Bears:	38.7% / 34.4%

U.S. equity markets had a whipsaw week starting on Monday and Tuesday when stocks plunged nearly 1.5%, only to surge nearly 5% late in the week to close up just over 3%. The CBOE S&P Volatility index reached 23.5 Tuesday, its highest level since mid-October, although the index fell to 16.5 on Friday as equity prices rebounded. Oil prices continued to be noteworthy, early in the week WTI prices fell over \$2 to around \$56. However, the oil market seemed to stabilize on Tuesday and Wednesday posting the first two day rally since November. Oil rich Russia continued its struggle to keep the ruble a viable currency when the Bank of Russia unexpectedly moved its key interest rate from 10.5% to 17%. The move sent the ruble from 61 per U.S. dollar up over 70, however, later in the week the ruble rallied back down to around 60 per U.S. dollar and the move appears to be stabilizing the currency for now. With oil prices seeming to stabilize and the U.S. Federal Reserve saying they will be patient on the timing of interest rate hikes, equity market surged Wednesday as the S&P 500 moved up over 2%, the largest one day rally since 2013. In individual stock news, **PetSmart Inc.** rose over 4% after a group of private equity firms, led by BC Partners, agreed to buy the pet store chain for cash. **Royal Caribbean Cruises Ltd.** rallied 6% and **Carnival Corp.** jumped 3% on Wednesday, as President Obama gave the cruise ship industry a growth catalyst when he decided to end the 50 year isolationist stance of the United States from Cuba. **Rite Aid Corp.** announced higher gross margins and higher earnings this week as the drug store chain surged over 12%. Used car seller **CarMax Inc.** reported 3rd quarter earnings that beat estimates and rallied the stock up over 11%. Open source programming giant **Red Hat Inc.** rallied over 11% this week after posting quarterly earnings that beat analyst estimates. Despite the recent turmoil in the equity markets, First Trust maintains a positive outlook for equities. The U.S. continues to project solid GDP growth, strong labor markets, strong corporate profits and an accommodative central bank, all tailwinds equities. Looking ahead to next week's holiday shortened week, equity markets will have a half day on Wednesday and will closed on Thursday for Christmas.