

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.28 (-01 bps)	GNMA (30 Yr.) 6% Coupon:	112-21/32 (2.21%)
6 Mo. T-Bill:	0.38 (-06 bps)	Duration:	3.75 years
1 Yr. T-Bill:	0.49 (-05 bps)	Bond Buyer 40 Yield:	4.01 (-02 bps)
2 Yr. T-Note:	0.72 (-01 bps)	Crude Oil Futures:	29.44 (-1.45)
3 Yr. T-Note:	0.90 (+01 bps)	Gold Futures:	1239.10 (+81.31)
5 Yr. T-Note:	1.21 (-03 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.75 (-09 bps)	U.S. High Yield:	10.04% (+46 bps)
30 Yr. T-Bond:	2.60 (-06 bps)	BB:	7.10% (+39 bps)
		B:	10.13% (+46 bps)

U.S. treasury yields were lower on the week as financial markets continued to be volatile as well as growing concerns over global growth. On Tuesday, the yield on the 10-year U.S. government note fell to a one-year low while the 10-year Japanese note fell below zero for the first time on record, as concerns over the global economy have increased demand for haven assets. Yields continued to fall on Wednesday as Federal Reserve Chairwoman, Janet Yellen, suggested the central bank could potentially turn to negative interest rates, as the Fed has been surprised by the swings in oil prices and current strength of the dollar. She also noted that a strong dollar and high interest rates for riskier borrowers could negatively impact the domestic economy. Despite volatile financial markets, the labor market continued to improve and show strength as jobless claims fell to a seven-week low on Thursday with increasing payrolls for the month of January. On Friday, retail sales rose by more than expectations to match the previous months gain. Major economic reports (and related consensus forecasts) for the upcoming holiday shortened week include: Tuesday: February Empire Manufacturing (-10.00); Wednesday: February 12th MBA Mortgage Applications, January Housing Starts (1175k), January PPI Final Demand (-0.2% MoM), January Industrial Production (0.3% MoM); February 13th Initial Jobless Claims (275k).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	15,973.84 (-1.23%)	Strong Sectors:	Cons. Staples, Info Tech.
S&P 500:	1,864.78 (-0.72%)		Health Care
S&P Midcap:	1,261.89 (-1.31%)	Weak Sectors:	Financials, Utilities,
S&P Smallcap:	598.52 (-1.05%)		Materials
NASDAQ Comp:	4,337.51 (-0.56%)	NYSE Advance/Decline:	728 / 2,476
Russell 2000:	971.99 (-1.33%)	NYSE New Highs/New Lows:	144 / 978
		AAll Bulls/Bears:	19.2% / 48.7%

During a whipsaw week the S&P 500 Index returned -0.7% and has returned -8.5% year-to-date. On Thursday, the S&P 500 closed near 1,829 the lowest level since April 2014. Then the index rallied over 35 points on Friday to finish the week at 1,865. Oil closed Thursday at \$26.21, the lowest level since May 2003, then rallied Friday to close at \$29.44. European banks (measured by the STOXX Europe 600 Bank Index) continued to slide in the face of heightened recession fears. For the week, the index was down 5.9% and is now down over 24% for the year. U.S. earnings season continued and, according to Bloomberg, nearly two-thirds of the companies have announced their quarterly results. More than 75% of companies have beat earnings expectations but less than half have bested sales expectations. **CVS Health Corp.** rallied 3% this week after the company announced slightly below estimate earnings but reaffirmed guidance and announced their pharmacy sales were up 5% compared to estimates of 3%. **The Walt Disney Co.** fell nearly 4% on Wednesday after announcing weaker than expected subscriber growth for ESPN. Cable cord cutting continues to be a top concern as their cable channels make up over 43% of their operating income. **Cisco Systems Inc.** jumped nearly 10% on Thursday as the company announced earnings, revenue and margins higher than expectations. More importantly, the tech giant announced their security business grew 11% last quarter, a major growth catalyst for the company going forward. Both **Coca-Cola Co.** and **PepsiCo Inc.** announced earnings and sales in line with expectations and were up over 1% for the week. **American International Group Inc.** soared nearly 5% on Friday after announcing a \$5b share buyback and boosting its quarterly dividend over 14%. **JPMorgan Chase & Co.** rallied 8% on Friday as CEO Jamie Dimon announced he purchased \$26m of the bank's stock. Here at First Trust our investment philosophy revolves around the core posture that investment is for the long term, valuation always matters, and staying disciplined is a way to avoid emotional investing. Despite recent volatility, we continually look toward the long term and valuation. In the long run, we continue to remain positive on U.S. equities, as the U.S. plow horse economy continues to plod along and valuations appear reasonable.