

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.412 (-1.5 bps)	GNMA (30 Yr) 6% Coupon:	111-02/32 (2.61%)
6 Mo. T-Bill:	1.627 (1.0 bps)	Duration:	4.17 years
1 Yr. T-Bill:	1.776 (0.2 bps)	Bond Buyer 40 Yield:	3.90 (3 bps)
2 Yr. T-Note:	2.116 (5.1 bps)	Crude Oil Futures:	66.14 (+2.77)
3 Yr. T-Note:	2.241 (4.0 bps)	Gold Spot:	1,349.12 (+17.28)
5 Yr. T-Note:	2.470 (2.1 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.660 (0.1 bps)	U.S. High Yield:	6.07 (-5 bps)
30 Yr. T-Bond:	2.911 (-2.2 bps)	BB:	4.70 (-2 bps)
		B:	6.16 (-5 bps)

Last Tuesday, President Donald Trump signed legislation to end the government shutdown. The three-week funding agreement allows time for continued talks surrounding key topics such as immigration. As expected, the Bank of Japan maintained its target rate around zero as inflation remains sluggish. The European Central Bank also left monetary policy unchanged and plans to leave rates untouched past the end of the asset-purchase program, which is expected to end in September. On Friday, yields rose despite fourth quarter GDP being reported at 2.6%, below the consensus estimate of 3.0%. December Existing Home Sales declined 3.6% to a 5.57 million annual rate, 13,000 below consensus estimates. Sales fell in all major regions in December, yet are still up 1.1% versus a year ago and recorded their best year since 2006. December Durable Goods increased 2.9%, well above expectations, largely due to surging aircraft orders. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: January 29 Personal Income (0.3%, 0.3%), Personal Spending (0.4%, 0.6%); Tuesday: January 30 Conf. Board Consumer Confidence (123.0, 122.1); Wednesday: January 31 MBA Mortgage Applications (N/A, 4.5%), ADP Employment Change (180k, 250k), Chicago Purchasing Manager (64.0, 67.6), FOMC Rate Decision (Upper Bound) (1.50%, 1.50%); Thursday: February 1 Initial Jobless Claims (235k, 233k), Markit US Manufacturing PMI (55.5, 55.5), Construction Spending MoM (0.3%, 0.8%), ISM Manufacturing (58.6, 59.7); Friday: February 2 Change in Nonfarm Payrolls (180k, 148k), Unemployment Rate (4.1%, 4.1%), Factory Orders (1.4%, 1.3%), U. of Mich. Sentiment (95.0, 94.4), Durable Goods Orders (N/A, 2.9%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	26,616.71 (2.09%)	Strong Sectors:	Health Care, Telecomm
S&P 500:	2,872.87 (2.23%)		Consumer Discretionary
S&P Midcap:	1,995.23 (0.82%)	Weak Sectors:	Consumer Staples, Industrials
S&P Smallcap:	979.57 (0.37%)		Materials
NASDAQ Comp:	7,505.77 (2.31%)	NYSE Advance/Decline:	1,814 / 1,242
Russell 2000:	1,608.06 (0.66%)	NYSE New Highs/New Lows:	621 / 153
		AAII Bulls/Bears:	45.5% / 24.0%

The S&P is off to a strong start in 2018 as the index has returned over 7.5% since the beginning of the new year. Information technology companies, such as large caps **Microsoft Corp** and **Alphabet Inc**, have been driving the market. These two companies along with **Facebook Inc** will be closely watched next week as all three will release quarterly results. Since the beginning of earnings season, 117 companies have reported and 91 have beat analyst estimates. Next week 109 names in the S&P 500 are slated to report. **AbbVie**, **Varian Medical Systems**, and **ResMed** were among the top five best performing stocks in the S&P 500 last week. Strong earnings have been a theme in the first month of 2018, although the news cycle is still dominated by almost any news coming from Washington. During this time, US stocks have posted higher levels in the face of concerns about trade comments by the Trump administration. Uncertainties around the President's "America First" policy has put pressure on the dollar since he took office last year. The President eased some of the fears in his speech at the World Economic Forum in Davos, Switzerland last Friday. He touted America's falling unemployment rate and increased business and consumer optimism while inviting the world to do business with the United States. Looking to next week, the President will try to use the momentum of avoiding a prolonged government shutdown and a strong economy to make his case for his successes at his first State of the Union address on Tuesday.

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