

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.409 (2.3 bps)	GNMA (30 Yr) 6% Coupon:	105-18/32 (4.27%)
6 Mo. T-Bill:	2.535 (0.3 bps)	Duration:	4.11 years
1 Yr. T-Bill:	2.667 (-0.9 bps)	Bond Buyer 40 Yield:	4.15 (4 bps)
2 Yr. T-Note:	2.733 (2.2 bps)	Crude Oil Futures:	51.20 (-1.41)
3 Yr. T-Note:	2.721 (0.8 bps)	Gold Spot:	1,239.02 (-10.29)
5 Yr. T-Note:	2.731 (4.1 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.889 (4.4 bps)	U.S. High Yield:	7.43 (unch.)
30 Yr. T-Bond:	3.143 (0.3 bps)	BB:	5.88 (-6 bps)
		B:	7.81 (+3 bps)

Economic data released on Friday from China and Europe exacerbated concerns that economic growth will slow in 2019. In China, growth in industrial production and retail sales slowed while the euro-area composite Purchasing Managers' Index unexpectedly fell in Europe. This came after the European Central Bank cut its economic growth forecasts on Thursday, with ECB President Mario Draghi saying "It's a climate of great uncertainty." The slowdown is at odds with the ECB's decision to end its bond-buying program this month, which was signaled earlier this year. However, the ECB confirmed it will keep key interest rates unchanged at least through the summer of 2019. Conversely, retail sales growth was strong in the U.S., coming in slightly ahead of expectations. This week, the FOMC meets on Tuesday and Wednesday and is expected to raise rates for the fourth time this year. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: December Empire Manufacturing Index (20.0, 23.3); Tuesday: November Housing Starts (1,230k, 1,228k); Wednesday: December 19 FOMC Rate Decision - Upper Bound (2.50%, 2.25%), December 14 MBA Mortgage Applications (N/A, 1.6%), November Existing Home Sales (5.20m, 5.22m); Thursday: December 15 Initial Jobless Claims (219k, 206k), November Leading Index (0.1%, 0.1%); Friday: 3Q GDP Annualized QoQ (3.5%, 3.5%), December Final U. of Mich. Sentiment (97.5, 97.5), November Preliminary Durable Goods Orders (1.7%, -4.3%), November Personal Income (0.3%, 0.5%), November Personal Spending (0.3%, 0.6%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	24,100.51 (-1.17%)	Strong Sectors:	Utilities, Info Technology, Communication Services
S&P 500:	2,599.95 (-1.22%)	Weak Sectors:	Financials, Energy, Health Care
S&P Midcap:	1,732.81 (-2.63%)	NYSE Advance/Decline:	782 / 2,317
S&P Smallcap:	878.11 (-2.93%)	NYSE New Highs/New Lows:	69 / 957
NASDAQ Comp:	6,910.67 (-0.81%)	AAll Bulls/Bears:	20.9% / 48.9%
Russell 2000:	1,410.81 (-2.52%)		

Last week the S&P 500 Index declined further returning -1.22%. The index has declined 5.72% in the first two weeks of December, establishing a YTD loss for 2018 with only ten trading days remaining in the year. Equity markets showed a volatile week trying to recover from the previous week's 4.55% loss in the S&P 500 Index. Positive news on perceived improving trade relations with China and UK Prime Minister Theresa May receiving a vote of confidence to retain her leadership helped buoy stocks through mid-Wednesday. Negative news that President Trump's former attorney was sentenced to prison, increased concerns over global growth, and the European Central Bank essentially ending its quantitative easing program by capping new purchases, attributed to the index declining the remainder of the week. Financials and energy led the decline in the S&P 500 Index last week. Crude oil prices closed the week at \$51.20 per barrel, decreasing 2.68% for the week. Crude has declined approximately \$25 per barrel from its 12-month closing high in early October. In economic news, US initial jobless claims of 206K were much lower than the consensus estimate of 226K and the previous week's 231K. **Under Armour Inc.**, a distributor of athletic performance clothes, was the week's worst performing stock in the S&P 500 Index declining more than 19%. The stock declined after the company announced it expects low annual revenue growth for the next few years through 2023. **Broadcom Inc.**, a developer of digital and analog semiconductors, was the week's best performing stock in the S&P 500 Index returning 11.49%. The stock was strong last week after the company beat fourth quarter earnings and revenue expectations, increased their guidance, and declared a dividend increase of over 50% the prior week. **Johnson & Johnson**, a manufacturer of health care products and pharmaceuticals, declined over 10% last Friday on reports that the company knew its talc Baby Powder product contained the carcinogenic asbestos.

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