

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.769 (11.0 bps)	GNMA (30 Yr) 6% Coupon:	109-07/32 (3.35%)
6 Mo. T-Bill:	1.939 (7.2 bps)	Duration:	4.29 years
1 Yr. T-Bill:	2.050 (3.1 bps)	Bond Buyer 40 Yield:	4.01 (-1 bps)
2 Yr. T-Note:	2.291 (3.3 bps)	Crude Oil Futures:	62.34 (0.30)
3 Yr. T-Note:	2.443 (1.3 bps)	Gold Spot:	1,314.24 (-9.69)
5 Yr. T-Note:	2.642 (-0.8 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.844 (-4.9 bps)	U.S. High Yield:	6.52 (4 bps)
30 Yr. T-Bond:	3.077 (-8.1 bps)	BB:	5.19 (4 bps)
		B:	6.58 (-1 bps)

The yield curve flattened last week, as long-term bond prices were supported by easing inflation fears. Treasuries sold off in January and February on fears of higher inflation, increasing the yield on the benchmark 10-year U.S. Treasury note from 2.409% at the end of 2017 to 2.870% at the end of February, but recent economic data eased those concerns. Last week, the Labor Department said the Consumer Price Index rose 0.2% in February excluding food and energy, which was a slightly slower pace than the 0.3% increase in January, causing longer-term Treasury prices to rise. Over the last 12 months through February, consumer prices rose 2.2%. Longer-term Treasury prices rose again on Wednesday after it was announced that U.S. retail sales fell 0.1% in February, which was below consensus expectations and the third consecutive month of declines. The sentiment then reversed on Friday after data showed U.S. industrial production rose 1.1% in February, which easily beat expectations, and 4.4% over a year earlier. The yearly increase was the strongest since March 2011. This week, the Federal Open Market Committee meets on Tuesday and Wednesday and is expected to announce the first of three projected interest rate increases in 2018. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Wednesday: March 21 FOMC Rate Decision - Upper Bound (1.75%, 1.50%), March 16 MBA Mortgage Applications (N/A, 0.9%), February Existing Home Sales (5.40m, 5.38m); Thursday: March 17 Initial Jobless Claims (225k, 226k), March Preliminary Markit US Manufacturing PMI (55.5, 55.3), February Leading Index (0.5%, 1.0%); Friday: February Preliminary Durable Goods Orders (1.7%, -3.6%), February New Home Sales (620k, 593k).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	24,946.51 (-1.51%)	Strong Sectors:	Utilities, Real Estate, Telecom Services
S&P 500:	2,752.01 (-1.20%)	Weak Sectors:	Materials, Financials, Industrials
S&P Midcap:	1,935.65 (-0.64%)	NYSE Advance/Decline:	1,205 / 1,866
S&P Smallcap:	969.45 (-0.04%)	NYSE New Highs/New Lows:	206 / 236
NASDAQ Comp:	7,481.99 (-1.02%)	AAII Bulls/Bears:	36.8% / 21.3%
Russell 2000:	1,586.05 (-0.65%)		

Equities gave back ground last week as the S&P 500 Index returned -1.20%. Stocks were up early in the week, but began their descent on Tuesday. News from Washington DC may have soured the markets after President Trump released Secretary of State Rex Tillerson and replaced him with CIA Director Mike Pompeo. Trade war fears rose again with reports that the President may be considering imposing tariffs on products made in China to balance the trade deficit. Equities were under pressure as positive economic data added credence to the expected rate hike to come this week from the Federal Open Market Committee meeting. US economic news showed a large jump in the US Empire State Manufacturing Survey and the University of Michigan Consumer Sentiment Index reported its highest level since January 2004. US initial jobless claims of 226K were lower than the consensus estimate of 228K and the previous week's 231K. Utilities and real estate were the only positive sectors while crude oil prices closed the week at \$62.34 per barrel, an increase of 48 basis points for the week. On Monday, President Trump issued an order to block the **Broadcom Limited** takeover of rival chipmaker **QUALCOMM Inc.**, over national security concerns as Broadcom Limited is incorporated in Singapore. **Micron Technology Inc.**, a manufacturer of memory chips, flash memory and semiconductor components, showed the best performance for the week in the S&P 500 Index with a 10.97% return. The stock jumped as a Nomura analyst predicted memory chip prices will continue their rise and he increased his price target to \$100 from \$55 per share, with many other analysts following in raising their price targets. **Dollar General Corp.**, a discount retail store chain that operates in 45 states, returned 9.77% last week after reporting earnings and showing an increase in same store sales with a stronger than expected 2018 outlook. The company also announced a \$1 billion increase to their share repurchase program and an increase in their quarterly dividend.

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