

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.551 (-1.0 bps)	GNMA (30 Yr) 6% Coupon:	110-05/32 (2.78%)
6 Mo. T-Bill:	1.573 (1.3 bps)	Duration:	3.75 years
1 Yr. T-Bill:	1.492 (-1.8 bps)	Bond Buyer 40 Yield:	3.63 (unch.)
2 Yr. T-Note:	1.581 (-4.8 bps)	Crude Oil Futures:	61.72 (1.28)
3 Yr. T-Note:	1.598 (-6.0 bps)	Gold Spot:	1,510.56 (32.34)
5 Yr. T-Note:	1.678 (-5.2 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.875 (-4.2 bps)	U.S. High Yield:	6.01 (-1 bps)
30 Yr. T-Bond:	2.316 (-2.6 bps)	BB:	4.38 (-1 bps)
		B:	6.16 (-4 bps)

Treasury prices rose over the course of the week on strong demand in Treasury auctions, despite increased trade optimism. Before the week began, it was reported that China would cut tariffs on U.S. consumer goods, including frozen pork, starting January 1st. This added to speculation that a phase-one trade deal between the U.S. and China is indeed near. President Trump said he would hold a signing ceremony when he met with President Xi despite not knowing yet where and when the leaders would meet to finalize an agreement. However, Treasury yields were pulled down as both the 5-year note auction on Tuesday and the 7-year note auction on Thursday drew strong demand. Next year the Federal Reserve is speculated to have more consensus in interest-rate decisions as two dissenting members from lowering interest rates 3 times in 2019 are losing their vote in 2020. Major economic reports (related consensus forecasts, prior data) for the upcoming holiday-shortened week include Monday: November Prelim. Wholesale Inventories MoM (0.2%, 0.1%), December MNI Chicago PMI (48.0, 46.3); Tuesday: December Conf. Board Consumer Confidence (128.2, 125.5); Thursday: December 28 Initial Jobless Claims (222k, 222k), December Final Markit US Manufacturing PMI (52.5, 52.5); Friday: November Construction Spending MoM (0.3%, -0.8%), December ISM Manufacturing (49.0, 48.1).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	28,645.26 (+0.67%)	Strong Sectors:	Cons Disc, Info Tech, Materials
S&P 500:	3,240.02 (+0.60%)	Weak Sectors:	Utilities, Cons Staples, Health Care
S&P Midcap:	2,062.88 (-0.12%)		
S&P Smallcap:	1,018.87 (-0.37%)		
NASDAQ Comp:	9,006.62 (+0.93%)	NYSE Advance/Decline:	1,738 / 1,209
Russell 2000:	1,669.03 (-0.15%)	NYSE New Highs/New Lows:	272 / 9
		AAll Bulls/Bears:	41.9% / 21.5%

Stocks climbed higher for the holiday-shortened week, thrusting the Nasdaq Composite Index past 9,000 for the first time, driven by strong gains for technology and consumer discretionary shares. In economic news, durable goods orders fell short of even the most pessimistic economist forecast due to a drop in aircraft orders, likely due to Boeing's 737 Max problems, and on-going trade disputes. New homes sales also missed the mark but rose by 1.3% as interest rates and jobless rates remain near historic lows. **Amazon.com Inc.** shares jumped after the e-commerce powerhouse said its holiday season was "record breaking" after selling billions of items including tens of millions of devices such as the echo dot. Shares of **Boeing Co.** rose following the announcement that current CEO Dennis Muilenburg resigned effective immediately amid continued issues linked to the 737 Max. Looking ahead to next year, gains will likely be near impossible to match with the S&P 500 surging close to 30% in 2019. However, with a continued strong domestic economy and improving global picture, an accommodative Fed and easing trade tensions, future gains are still attainable. While the last decade resulted in a handful of mega-caps contributing a large percentage to market gains, market leadership could shift to areas of the market that have not experienced as outsized of gains such as value, financial and smaller capitalization stocks.

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