

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.419 (0.8 bps)	GNMA (30 Yr) 6% Coupon:	106-16/32 (4.06%)
6 Mo. T-Bill:	2.496 (0.8 bps)	Duration:	4.01 years
1 Yr. T-Bill:	2.534 (0.9 bps)	Bond Buyer 40 Yield:	4.06 (-01 bps)
2 Yr. T-Note:	2.514 (4.9 bps)	Crude Oil Futures:	55.59 (2.87)
3 Yr. T-Note:	2.489 (4.9 bps)	Gold Spot:	1,322.49 (8.2)
5 Yr. T-Note:	2.493 (4.9 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.663 (2.9 bps)	U.S. High Yield:	6.92 (-16 bps)
30 Yr. T-Bond:	2.994 (1.3 bps)	BB:	5.34 (-12 bps)
		B:	7.35 (-17 bps)

Treasuries fell for the first three days of last week before rising on Thursday as retail sales data showed significant weakness compared to expectations. The US 2 year and 10 year Treasury Note spread is only up marginally from December's lows, even amid a strong start to the year for equity markets, and fell sharply last week. This may be partly due to mixed economic data. While wage growth and job growth are both strong, last week saw retail sales register a 1.2% decline in December, The Producer Price Index (PPI) declined 0.1% in January and Industrial Production fell 0.6% in January. The mixed data seems to support the Federal Reserve's current pause on its rate path as it seeks to determine what the current market conditions warrant. On Wednesday of last week, the Consumer Price Index (CPI) remained unchanged even with historically strong labor markets. Partly driving this may be energy prices which have fallen for the last three months of 2018. Crude prices did rise last week, though, and are nearing three-month highs. Many Energy and Production companies have announced reduced CAPEX budgets in the first quarter earnings season and market sentiment anticipates this may help crude oil pricing later this year. Major economic reports (related consensus forecasts, prior data) for the upcoming holiday-shortened week include: Wednesday: February 15 MBA Mortgage Applications (N/A, -3.7%); Thursday: February 16 Initial Jobless Claims (229k, 238k), December preliminary Durable Goods Orders (1.7%, 0.7%), February preliminary Markit US Manufacturing PMI (54.9, 54.9), January Leading Index (0.2%, -0.1%) and January Existing Home Sales (5M, 4.99M).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	25,883.25 (3.20%)	Strong Sectors:	Energy, Industrials, Materials
S&P 500:	2,775.60 (2.56%)	Weak Sectors:	Utilities, Comm. Services, Consumer Staples
S&P Midcap:	1,914.01 (3.38%)	NYSE Advance/Decline:	2,293 / 657
S&P Smallcap:	975.24 (4.38%)	NYSE New Highs/New Lows:	106 / 1
NASDAQ Comp:	7,472.41 (2.41%)	AAII Bulls/Bears:	35.1% / 25.1%
Russell 2000:	1,569.25 (4.21%)		

Equities pushed higher by over 2.5% to close out higher for the third consecutive week, measured by the S&P 500. Small cap stocks returned 4.38% and mid cap stocks posted a 3.38% return as measured by the S&P 600 and S&P 400, respectively. Consumer outlook coupled with positive developments in the China trade talks suppressed fears about global growth. On Friday, President Trump announced he will declare a national emergency to secure federal funding for a border wall. The move to circumvent the five to eight-billion-dollar addition to the federal spending bill will keep the government open and avoid another shutdown. The President is expected to sign the bill over the weekend. **Amazon** has decided to scrap its plans for a New York headquarters. The deal was championed by state officials, but local lawmakers opposed the \$790 billion-dollar company's plan to transform their communities. Domestic economic growth was upheld in the energy markets as oil moved to over \$55 a barrel to close out the week. The move in crude pushed energy stocks in the S&P 500 higher and the group lead the index for the week. **Devon Energy, Marathon Oil, and Apache** were some of the top performing energy stocks in the index. **Coty Inc.**, a beauty product manufacturer, was one of the top performers in the S&P 500 after JAB Investments announced it will acquire control of the company. Uncertainty still exists on the global front, but domestic affairs are keeping stocks pushing higher. Looking ahead to next week, housing demand will be evidenced by the mortgage applications number. The minutes from the last FOMC meeting in January will be released on Wednesday and give insight into where the committee sees the US economy.

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