

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.442 (0.8 bps)	GNMA (30 Yr) 6% Coupon:	105-09/32 (4.64%)
6 Mo. T-Bill:	2.464 (-3.5 bps)	Duration:	3.90 years
1 Yr. T-Bill:	2.441 (-6.9 bps)	Bond Buyer 40 Yield:	3.89 (-09 bps)
2 Yr. T-Note:	2.317 (-12.1 bps)	Crude Oil Futures:	59.04 (0.52)
3 Yr. T-Note:	2.241 (-14.8 bps)	Gold Spot:	1,313.68 (11.28)
5 Yr. T-Note:	2.242 (-15.3 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.439 (-14.8 bps)	U.S. High Yield:	6.75 (-2 bps)
30 Yr. T-Bond:	2.874 (-13.7 bps)	BB:	5.14 (-5 bps)
		B:	7.16 (-2 bps)

Treasury prices rose significantly over the course of the week on a more dovish Federal Reserve announcement and the first inverted yield curve since 2007. On Wednesday, the Fed kept rates unchanged and lowered its rate hike projection for 2019 from two to zero while announcing that the balance sheet run off would end in September. The Fed also lowered forecasted GDP growth from 2.3% to 2.1% and forecasted inflation from 1.9% to 1.8%. Recession worries heightened on Friday when the 10-year Treasury yield dropped below the 3-month Treasury yield for the first time in over a decade, which is seen as an indicator of a possible recession in the near future. Investors also fear slowing global growth as the German manufacturing sector contracted further with the IHS Markit's purchasing managers index falling well below expectations to its lowest level since 2012. All of this led to a risk-off appetite and for investors to seek the perceived safety of Treasuries. Meanwhile, it was reported that trade talks between the U.S. and China were in their final stages and that U.S. representatives would fly to China next week, but it was also reported that China may try to pull back some concessions. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Tuesday: February Housing Starts (1225k, 1230k); Wednesday: March Conf. Board Consumer Confidence (132.0, 131.4); Thursday: 4Q GDP Annualized (2.4%, 2.6%), March 23 Initial Jobless Claims (225k, 221k); Friday: February Personal Income (0.3%, -0.1%), January Personal Spending (0.3%, -0.5%), March MNI Chicago PMI (61.0, 64.7), February New Home Sales (620k, 607k), March Final U. of Mich. Sentiment (97.8, 97.8).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	25,502.32 (-1.34%)	Strong Sectors:	Consumer Discretionary, Real Estate, Consumer Staples
S&P 500:	2,800.71 (-0.75%)	Weak Sectors:	Financials, Materials, Industrials
S&P Midcap:	1,854.99 (-2.15%)		
S&P Smallcap:	918.09 (-3.05%)		
NASDAQ Comp:	7,642.67 (-0.58%)	NYSE Advance/Decline:	580 / 2,395
Russell 2000:	1,505.92 (-3.05%)	NYSE New Highs/New Lows:	149 / 54
		AAII Bulls/Bears:	37.3% / 23.4%

Equities, measured by the S&P 500, ended the week lower after rallying mid-week. Investors plowed back into stocks late Wednesday when the Federal Reserve kept rates unchanged. Going into Friday, the credit markets had a different view of the world as the yield curve, measured by the spread between three-month and 10-year treasury bills, inverted for the first time since 2007. The inverted curve sent bank stock prices lower along with cyclical sectors Materials and Industrials. The dollar advanced against most major currencies signaling global growth could be slowing. The rout extended through oil sending Energy stocks down through Friday. Global volatility spiked after a slew of data and decisions from various economies were released last week. German purchasing manager data missed forecasts sending the country's 10-year bond yield below zero. European leaders moved to stop a "no-deal" Brexit from happening next week. Theresa May accepted the offer to extend the Article 50 process by two more weeks. European Union President Donald Tusk said publicly he was optimistic after the decision, but reportedly EU leaders do not share his optimism in private conversations. After the bell on Friday, Special Counsel Robert Mueller submitted his final report to the Attorney General. The AG said in a letter that he may be able to provide some details to Congress as soon as this weekend. Full disclosure of the contents of Mueller's report will be fought between the White House and Congress. Next week several housing-related data points will be released along with trade, GDP, and jobs numbers.

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