

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.412 (-1.0 bps)	GNMA (30 Yr) 6% Coupon:	105-16/32 (4.34%)
6 Mo. T-Bill:	2.456 (1.2 bps)	Duration:	3.95 years
1 Yr. T-Bill:	2.435 (1.2 bps)	Bond Buyer 40 Yield:	3.89 (1 bps)
2 Yr. T-Note:	2.380 (-1.1 bps)	Crude Oil Futures:	64.00 (0.11)
3 Yr. T-Note:	2.348(-1.3 bps)	Gold Spot:	1,275.52 (-14.91)
5 Yr. T-Note:	2.371 (-0.9 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.560 (-0.6 bps)	U.S. High Yield:	6.55 (01 bps)
30 Yr. T-Bond:	2.961 (-1.6 bps)	BB:	5.01 (02 bps)
		B:	6.87 (01 bps)

Despite the Mueller report leading news last Thursday, it was a fairly benign week for Treasuries. The variable rate municipal-bond market leapt last week, however; likely from retail investors using the bonds as funding for paying their tax bills. Unlike their fixed-rate counterparts variable-rate municipal bonds are generally resold for face value. Thursday's retail sales data surprised to the upside and twelve of thirteen major categories registered an increase and the strength of the data resulted in weakness in Thursday's bond markets. Also last week, Tuesday's March Industrial Production was weaker than expected as auto production continues to be slow. Over the past year auto production has fallen 4.5% amid increasing loan costs and high supply. February's trade deficit from goods and services was less than expected but still \$49.4 billion and markets seem to be currently optimistic that a Chinese and United States trade deal can be worked out between the two superpowers. OPEC output cuts and US sanctions on Venezuela and Iran continue to buoy oil prices which are testing the \$65/bbl level. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: March Existing Home Sales (5.30M, 5.51M); Tuesday: March New Home Sales (646K, 667K); Wednesday: April 19 MBA Mortgage Applications (N/A, -3.5%); Thursday: March preliminary Durable Goods Orders (0.7%, -1.6%) and April 20 Initial Jobless Claims (N/A, 192K); Friday: Q-o-Q 1Q GDP Annualized (2.0%, 2.2%) and April final University of Michigan Sentiment (97.0, 96.9).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	26,559.54 (+0.60%)	Strong Sectors:	Industrials, Info Tech, Cons Staples
S&P 500:	2,905.03 (-0.07%)	Weak Sectors:	Health Care, Real Estate, Utilities
S&P Midcap:	1,953.43 (-0.60%)	NYSE Advance/Decline:	1,430 / 1,493
S&P Smallcap:	962.66 (-0.74%)	NYSE New Highs/New Lows:	71/ 27
NASDAQ Comp:	7,998.06 (+0.17%)	AAll Bulls/Bears:	37.6% / 21.8%
Russell 2000:	1,565.75 (-1.20%)		

Equity markets were mixed during a busy week of earnings as health-care stocks sold-off on renewed concerns over tighter regulation. By contrast, the industrial sector led for the week on strong earnings from **Honeywell International Inc.**, which saw an 8% jump in organic revenue, and **Union Pacific Corp.**, which performed better-than-expected despite weather delays. In economic news, retail sales grew 1.6% in March as temporary factors abated, including the drawn-out government shut downtown and the fourth-quarter market sell-off. Industrial production data surprised to the downside as producers coped with an inventory overhang. In earnings news, shares of **PepsiCo Inc.** rose after beating expectations on a strong top-line beat that flowed through to earnings. **Blackrock Inc.** reported earnings above expectations due to strong flows, a rebound in equity markets and higher fees from alternative funds. Despite a beat-and-raise quarter, shares of **UnitedHealth Group Inc.** declined after earnings due to increased investor worries over a proposal by Democrats to provide universal government healthcare. **Bank of America** earnings gained on strength in its consumer unit due to higher deposits, interest rates and loan growth. In other corporate news, **Qualcomm Inc.** surged over 40% for the week after agreeing to a settlement with **Apple Inc.** over patents and signing an agreement for future royalties. Looking ahead to next week, a bevy of bellwethers are set to report earnings, including technology names **Microsoft Corp.**, **Facebook Inc.** and **Amazon Inc.** In addition, the initial reading on first-quarter GDP will be reported. Earnings and economic datapoints will be key in the coming weeks and should provide some clarity if last quarter's slowdown in economic activity was due to idiosyncratic factors or is likely to persist.

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