

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.422 (4.1 bps)	GNMA (30 Yr) 6% Coupon:	105-15/32 (4.35%)
6 Mo. T-Bill:	2.451 (2.9 bps)	Duration:	3.90 years
1 Yr. T-Bill:	2.415 (2.8 bps)	Bond Buyer 40 Yield:	3.89 (3 bps)
2 Yr. T-Note:	2.339 (7.9 bps)	Crude Oil Futures:	63.08 (+2.94)
3 Yr. T-Note:	2.289 (8.4 bps)	Gold Spot:	1,291.76 (-0.62)
5 Yr. T-Note:	2.305 (7.2 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.495 (9.0 bps)	U.S. High Yield:	6.64 (-4 bps)
30 Yr. T-Bond:	2.903 (8.9 bps)	BB:	5.07 (-1 bps)
		B:	6.97 (-12 bps)

Prices on U.S. Treasuries fell early in the week, pushing yields higher, on the back of strong United States and Chinese economic data. Sentiment was positive on Monday as the Chinese manufacturing purchasing managers index rose above 50 (levels higher than 50 signal expansion) in March and, in United States, the ISM Manufacturing Index rose to 55.3 in March, beating the consensus expected 54.5. Growth in the manufacturing sector bounced back in March after missing estimates in February. The ISM non-manufacturing index missed consensus expectations for March, but still came in at a strong 56.1, as expansion remains on-track. Nonfarm payrolls rose 196,000 in March, comfortably beating the consensus expected by 19,000. Including revisions to January/February, nonfarm payrolls increased 210,000. Though average hourly earnings missed consensus expectations by 0.2%, total wages grew by an impressive 0.6% in March, pushing total wages up 5.2% over the past year. The strong economic data throughout the week dampened the looming recession narrative. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: February Factory Orders (-0.5%, 0.1%), February Final Durable Goods Orders (N/A,-1.6%); Tuesday: March NFIB Small Business Optimism (101.2, 101.7); Wednesday: April 5 MBA Mortgage Applications (N/A, 18.6%), March CPI MoM (0.3%, 0.2%), March CPI YoY (1.8%, 1.5%), and March Monthly Budget Statement (-\$212.8B, -\$234.0B); Thursday: March PPI Final Demand MoM (0.3%, 0.1%), March PPI Final Demand YoY (1.9%, 1.9%), April 6 Initial Jobless Claims (210K, 202K), and March 30 Continuing Claims (N/A, 1717K); Friday: April Preliminary University of Michigan Sentiment (98.4, 98.4).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	26,424.99 (1.95%)	Strong Sectors:	Materials, Financials, Consumer Discretionary
S&P 500:	2,892.74 (2.09%)	Weak Sectors:	Consumer Staples, Utilities, Health Care
S&P Midcap:	1,948.91 (2.79%)	NYSE Advance/Decline:	2,099 / 826
S&P Smallcap:	966.15 (2.87%)	NYSE New Highs/New Lows:	116 / 8
NASDAQ Comp:	7,938.69 (2.73%)	AAII Bulls/Bears:	35.0% / 28.3%
Russell 2000:	1,582.56 (2.80%)		

The second quarter started off on a positive note as the S&P 500 rallied over 2% last week. The seven-day upward swing is the longest streak since 2017. Stocks are approaching the record high set back in September. Defensive sectors gave up their gains last week as investors turned risk on, leaving Consumer Staples and Utilities in negative territory. Materials had the best week in the S&P 500 led by **Dow Inc, Eastman Chemical, and LyondellBasell Industries**. However, on Friday JPMorgan initiated coverage on Dow with an underweight rating. The report pushed the stock down over 3.5% to close out the week. Payrolls topped estimates causing equities to rise on Friday. The release eased investor fear about a slowing domestic economy as a strong labor market coupled with low signs of inflation is a good sign for financial markets. Around the globe, central banks are staying patient on their tightening plans. The World Trade Organization cut its global trade growth projection from 3.7% to 2.6%, the lowest level in three years. Adding to the uncertainty, U.K. Prime Minister Theresa May asked the European Union to delay Brexit until the end of June. Back in the U.S., President Trump is keeping pressure on Chairman Powell by reiterating his opposing views of the Fed's decision to raise interest rates and shrink its balance sheet. Some have accused the president of damaging the central bank's independence by making comments against Fed policy and announcing his plan to nominate two close political allies in Stephen Moore and Herman Cain. Next week, the Federal Reserve and its members will continue to top headlines as the FOMC meeting minutes from March will be released on Wednesday.

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