

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.531 (2.3 bps)	GNMA (30 Yr) 6% Coupon:	110-06/32 (2.77%)
6 Mo. T-Bill:	1.542 (1.3 bps)	Duration:	3.75 years
1 Yr. T-Bill:	1.519 (-0.6 bps)	Bond Buyer 40 Yield:	3.58 (-2 bps)
2 Yr. T-Note:	1.570 (4.6 bps)	Crude Oil Futures:	59.04 (-4.01)
3 Yr. T-Note:	1.583 (4.3 bps)	Gold Spot:	1,562.34 (10.14)
5 Yr. T-Note:	1.632 (4.2 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.820 (3.1 bps)	U.S. High Yield:	5.97 (-3 bps)
30 Yr. T-Bond:	2.279 (3.4 bps)	BB:	4.35 (-4 bps)
		B:	6.06 (-3 bps)

The U.S. economy added 145,000 jobs in December, extending the streak of monthly gains to 111. December's gain slightly missed the expected 160,000, but nevertheless capped a strong decade that saw the U.S. economy add almost 23 million jobs and end with the unemployment rate at a 50-year low of 3.5%. Last year's gain also marked a record 10th straight year of job gains. Average hourly earnings were up 2.9% over the prior year, which was lower than the growth in recent months but continued an upward trend in wage growth for the better part of the last decade. However, the pace of wage growth wasn't enough to stoke fears of inflation and U.S. government bond yields were little changed following the report from the Labor Department. Moreover, the report did little to change expectations that the Fed will hold rates steady at the beginning of 2020. Meanwhile, oil and U.S. government bond prices pulled back from recent advances following comments by President Trump on Wednesday that signaled a de-escalation in the conflict between the U.S. and Iran. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: December CPI MoM (0.3%, 0.3%); Wednesday: January 10 MBA Mortgage Applications (N/A, 13.5%), December PPI Final Demand MoM (0.2%, 0.0%), January Empire Manufacturing (3.6, 3.5); Thursday: January 11 Initial Jobless Claims (217k, 214k), December Retail Sales Advance MoM (0.3%, 0.2%); Friday: January Preliminary U. of Mich. Sentiment (99.3, 99.3), December Housing Starts (1,380k, 1,365k), December Industrial Production MoM (-0.1%, 1.1%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	28,823.77 (0.67%)	Strong Sectors:	Info. Tech., Com. Services,
S&P 500:	3,265.35 (0.98%)		Health Care
S&P Midcap:	2,051.37 (-0.20%)	Weak Sectors:	Financials, Materials,
S&P Smallcap:	1,010.84 (-0.97%)		Energy
NASDAQ Comp:	9,178.86 (1.76%)	NYSE Advance/Decline:	1,557 / 1,436
Russell 2000:	1,657.64 (-0.18%)	NYSE New Highs/New Lows:	472 / 35
		AAII Bulls/Bears:	33.1% / 29.9%

Despite heightened geopolitical risks, the S&P 500 set all-time highs and returned 1% last week. U.S.-Iranian hostilities reached an apex last Tuesday when Iran fired some 15 ballistic missiles at U.S. and coalition forces in Iraq. While 10 of the missiles hit the U.S. base, no Americans were killed. On Friday the U.S. announced sanctions on Iranian metal exports along with more leaders of the embattled country. According to Bloomberg, the top performing factors for U.S. stocks were Growth and Size while the bottom performing were Value and Volatility last week. This marks the fifth straight negative weekly return for Value and the seventh straight for Momentum. **Walgreens Boots Alliance Inc.** announced quarterly results last week as revenue and earnings came in below analyst estimates which caused the stock to plummet over -8% for the week. Management blamed most of the underperformance on weakness their Medicaid business. Energy exploration and production company **Apache Corp.** shot up nearly 27% Tuesday, its biggest daily gain in nearly 50 years, after announcing a significant oil discovery off Suriname's coast which the company will have a 50% ownership stake. **Salesforce.com** was up over 8.4% last week as the PaaS (platform as-a service) company was RBC's top pick for 2020 and received several other analyst upgrades last week. Looking ahead to next week, Wall Street heads into quarterly earnings season as 26 names in the S&P 500 are expected to report results. They include mega-cap banks **JPMorgan Chase & Co.**, **Citigroup Inc.**, **Wells Fargo & Co.**, **Bank of America Corp.**, **U.S. Bancorp**, **Goldman Sachs Group Inc.** along with health insurance giant **UnitedHealth Group Inc.**, railroad operator **CSX Corp.** and energy servicer **Schlumberger Ltd.**

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