

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.536 (-0.2 bps)	GNMA (30 Yr) 6% Coupon:	110-13/32 (2.83%)
6 Mo. T-Bill:	1.552 (2.8 bps)	Duration:	3.75 years
1 Yr. T-Bill:	1.472 (4.9 bps)	Bond Buyer 40 Yield:	3.53 (2 bps)
2 Yr. T-Note:	1.401 (8.8 bps)	Crude Oil Futures:	50.32 (-1.24)
3 Yr. T-Note:	1.391 (9.7 bps)	Gold Spot:	1,570.44 (-18.72)
5 Yr. T-Note:	1.404 (9.1 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.583 (7.7 bps)	U.S. High Yield:	5.99 (-13 bps)
30 Yr. T-Bond:	2.048 (4.9 bps)	BB:	4.36 (-10 bps)
		B:	6.15 (-10 bps)

U.S. Treasury Bond yields finished the week higher as Coronavirus fears cooled down. The ISM Manufacturing Index data was reported on Monday. The index, which is a survey, rose to 50.9 from 47.2 in December. The January data easily beat the consensus estimate of 48.5. The data above 50 indicated an expansion for the first time since July of 2019. The higher level was largely due to the increase in the production index and the increase in the new orders index. Later in the week the ISM Non-Manufacturing Index beat the consensus estimate of 55.1 due to the continued strength in the business activity index and the new orders index. The employment index portion of the ISM Non-Manufacturing Index fell 1.7 points. Friday's jobs report dismissed concerns from the declining employment index reported early in the week. Nonfarm payrolls rose 225,000 in January, well above the consensus estimate of 165,000. Labor force participation hit the highest level since 2013 and average hourly wages are up 3.1% from this time last year. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: January NFIB Small Business Optimism (103.3, 102.7); Wednesday: February 7 MBA Mortgage Applications (N/A, 5.0%), January Monthly Budget Statement (-\$10.0B, -\$13.3B); Thursday: January CPI MoM (0.2%, 0.2%), January CPI YoY (2.4%, 2.3%), February 8 Initial Jobless Claims (211K, 202K), February 1 Continuing Claims (1743K, 1751K); Friday: January Import Price Index MoM (-0.2%, 0.3%), January Retail Sales Advance MoM (0.3%, 0.3%), January Retail Sales Ex Auto MoM (0.3%, 0.7%), January Retail Sales Ex Auto and Gas (0.3%, 0.5%), January Capacity Utilization (76.8%, 77.0%), February Preliminary University of Michigan Sentiment (99.3, 99.8).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	29,102.51 (3.06%)	Strong Sectors:	Materials, Health Care, Info. Tech.
S&P 500:	3,327.70 (3.21%)	Weak Sectors:	Real Estate, Energy, Utilities
S&P Midcap:	2,049.31 (2.12%)	NYSE Advance/Decline:	2,206 / 827
S&P Smallcap:	1,002.05 (2.29%)	NYSE New Highs/New Lows:	580 / 161
NASDAQ Comp:	9,520.51 (4.14%)	AAll Bulls/Bears:	33.9% / 35.2%
Russell 2000:	1,656.78 (2.67%)		

Equities roared higher last week as the S&P 500 index returned over 3.0%. Stocks were fueled by waning global risks of a coronavirus pandemic and robust quarterly earnings results. According to Bloomberg, heading into last week Low Volatility and Momentum were two of the best performing factors year-to-date. Last week factor returns reversed course as the two worst performing factors were Momentum and Value, while large Size and High Volatility were the top performers. Earnings season hit full stride as 112 names in the S&P 500 index declared their quarterly results. **Twitter Inc.** announced quarterly results and soared 15% on Thursday. The social media platform announced daily average users and ad revenue both came in higher than analyst expectations. Google's parent company **Alphabet Inc.** announced earnings slightly ahead of estimates but revenues were short of expectations. However, the stock returned 3% return for the week after Google's earnings call highlighted \$3b in YouTube subscription revenue with over 20m paying users and cloud sales backlog worth over \$11b. **Uber Technologies Inc.** soared over 9% on Friday after the company announced quarterly results which included news they should be profitable by 4Q20 and full year profitable in 2021, nearly a year earlier than analysts expected. **Ford Motor Co.** plummeted nearly 10% after announcing disappointing earnings and revenue guidance fueled by delays in their new Explorer SUV launch and a change in leadership as Jim Farley was named COO. **Biogen Inc.** was the biggest mover in the S&P 500 last week returning nearly 26%. The large pharma company won a court battle for 5 years of exclusivity for their Tecfidera patent, which was being challenged by generic pharma maker **Mylan NV**, who predictably pledged to appeal the ruling. Looking ahead to next week, quarterly earnings season continues as mega-cap companies **Cisco Systems Inc.**, **PepsiCo Inc.**, **NVIDIA Corp.**, **AbbVie Inc.** and **CVS Health Corp.** are all expected to report.

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