

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.569 (3.3 bps)	GNMA (30 Yr) 6% Coupon:	110-09/32 (2.87%)
6 Mo. T-Bill:	1.539 (-1.3 bps)	Duration:	3.81 years
1 Yr. T-Bill:	1.469 (-0.3 bps)	Bond Buyer 40 Yield:	3.52 (-1 bp)
2 Yr. T-Note:	1.428 (2.7 bps)	Crude Oil Futures:	52.05 (1.73)
3 Yr. T-Note:	1.396 (0.6 bps)	Gold Spot:	1,584.06 (13.62)
5 Yr. T-Note:	1.416 (1.2 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.585 (0.1 bps)	U.S. High Yield:	5.86 (-13 bps)
30 Yr. T-Bond:	2.039 (-0.9 bps)	BB:	4.29 (-7 bps)
		B:	6.02 (-13 bps)

Treasury yields were little changed last week despite new economic data and uncertainty surrounding the coronavirus. The University of Michigan's Consumer Sentiment Index rose to 100.9 in February, its highest level since the post-recession peak of 101.4 set in March 2018. Gains in positive sentiment towards personal finances and the U.S. economy helped push the index higher. Retail sales rose 0.3% in January over the prior month, which was in line with expectations. In contrast, industrial production fell 0.3% in January, slightly missing expectations of a 0.2% decline. However, the decline was largely driven by a cut back in energy consumption during a mild January as well as Boeing's production halt of its 737 MAX jet. Excluding aerospace production, industrial production was higher in January, which is an encouraging start to the year after a slowdown in 2019. The Consumer Price Index came in below expectations, rising 0.1% in January over the prior month, mostly due to lower gas prices as the effects of coronavirus lowered demand. Meanwhile, the U.S. Treasury sold 30-year bonds at a record low yield of 2.061% on Thursday, with yields pushed down in part due to fears that the outbreak of coronavirus will slow economic growth. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: February Empire Manufacturing (5.0, 4.8); Wednesday: February 14 MBA Mortgage Applications (N/A, 1.1%), January Housing Starts (1,415k, 1,608k), January PPI Final Demand MoM (0.1%, 0.1%); Thursday: February 15 Initial Jobless Claims (210k, 205k), January Leading Index (0.4%, -0.3%); Friday: February Preliminary Markit US Manufacturing PMI (51.5, 51.9), January Existing Home Sales (5.45m, 5.54m).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	29,398.08 (1.17%)	Strong Sectors:	Real Estate, Consumer Disc, Utilities
S&P 500:	3,380.16 (1.65%)	Weak Sectors:	Financials, Materials, Consumer Staples
S&P Midcap:	2,096.61 (2.36%)	NYSE Advance/Decline:	1,910 / 1,124
S&P Smallcap:	1,018.27 (1.65%)	NYSE New Highs/New Lows:	669 / 162
NASDAQ Comp:	9,731.18 (2.23%)	AAII Bulls/Bears:	41.3% / 26.4%
Russell 2000:	1,687.58 (1.90%)		

Viral volatility and economic acceleration were the two drivers of U.S. markets last week. The S&P 500 rose by 1.65% as a revised methodology to diagnose the Coronavirus sent the number of confirmed cases soaring. The full impact is yet to be felt domestically after retail rose for the fourth straight month signaling lower gas prices encouraged consumers to spend. A stagnation of growth that some market participants forecast looks less likely in the near future as fundamentals remain strong and the economy continues to expand. Oil prices rebounded last week after plummeting from a high of over \$63 in early January to under \$50 on Monday. Crude rallied during the week, closing higher each day to finish the week over \$52 a barrel. **Kraft Heinz Co.** is the latest mega-merger to fail to put the pieces together to form a cohesive unit. Its debt was downgraded to junk by two credit rating agencies giving Warren Buffet a rare blemish to his long history of solid performance. The company is amid a turnaround plan which is yet to turn the corner. Chipmaker **NVIDIA Corp** reported fourth-quarter results on Friday that beat analyst expectations and sent the stock to an all-time high. Demand for chips used in datacenters drove the beat in an industry with favorable trends. The stock is up over 120% since last June's low. **T-Mobile** also rose last week after the service provider announced it was looking to renegotiate the takeover of **Sprint** as its share price has steadily dropped since the deal was announced in April 2018. Looking ahead to next week, housing numbers and FOMC meeting minutes are set to be released on Wednesday followed by jobs data on Thursday. Quarterly earnings season will wind down next week with 51 names in the S&P 500 expected to report. Some of the notable names include **Walmart Inc.**, **Medtronic PLC**, **The Southern Co.**, **Ecolab Inc.**, and **Deere & Co.**

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