

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.538 (0.5 bps)	GNMA (30 Yr) 6% Coupon:	110-07/32 (2.76%)
6 Mo. T-Bill:	1.523 (-0.8 bps)	Duration:	3.69 years
1 Yr. T-Bill:	1.423 (-9.8 bps)	Bond Buyer 40 Yield:	3.51 (-4 bps)
2 Yr. T-Note:	1.313 (-12.8 bps)	Crude Oil Futures:	51.56 (-2.63)
3 Yr. T-Note:	1.294 (-12.2 bps)	Gold Spot:	1,589.16 (17.63)
5 Yr. T-Note:	1.313 (-12.8 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.507 (-10.1 bps)	U.S. High Yield:	6.12 (12 bps)
30 Yr. T-Bond:	2.000 (-5.7 bps)	BB:	4.46 (11 bps)
		B:	6.25 (16 bps)

30-Year Treasury yields dipped below 2% last week as coronavirus fears sunk risk assets. Correspondingly, Treasury prices rose as demand for safe assets was elevated. The 30-Year is at levels last seen in October 2019. Wednesday of last week featured a surprisingly quiet meeting of the Federal Reserve. The committee noted that the labor market remains strong and economic activity is increasing at a moderate pace. It highlighted rising household spending, but that business fixed investment spending and exports remain weak. It also noted continued low inflation. The target range for the federal funds rate was therefore left unchanged at 1-1/2 to 1-3/4 percent. Regarding economic news, Monday of last week witnessed single-family home sales declining for December. On Tuesday, durable goods were recorded as rising 2.4% for December. On Thursday, Real GDP data reported a 2.1% annual growth rate in Q4 which was just ahead of consensus estimates. The Price Index rose at a 1.4% annual rate for Q4. Lastly, on Friday, Personal Income was reported rising 0.2% in December. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: January ISM Manufacturing (48.5, 47.2), January final Markit US Manufacturing PMI (51.7, unch.) and December Construction Spending (0.5%, 0.6%); Tuesday: December Final Durable Goods Orders (2.4%, unch.) and December Factory Orders (1.1%, -0.7%); Wednesday: January 31 MBA Mortgage Applications (N/A, 7.2%), January ADP Employment Change (160K, 202K) and December Trade Balance (-\$47.8B, -\$43.1B); Thursday: February 1 Initial Jobless Claims (215K, 216K); Friday: January Change in Nonfarm Payrolls (160K, 145K), January Unemployment Rate (3.5%, unch.) and December final Wholesale Inventories (N/A, -0.1%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	28,256.03 (-2.52%)	Strong Sectors:	Utilities, Consumer Discretionary,
S&P 500:	3,225.52 (-2.10%)		Consumer Staples
S&P Midcap:	2,007.22 (-2.77%)	Weak Sectors:	Energy, Materials,
S&P Smallcap:	979.84 (-3.54%)		Health Care
NASDAQ Comp:	9,150.94 (-1.75%)	NYSE Advance/Decline:	917 / 2,112
Russell 2000:	1,614.06 (-2.89%)	NYSE New Highs/New Lows:	408 / 183
		AAII Bulls/Bears:	32.0% / 36.9%

The S&P 500 Index delivered its worst performance of 2020 last week with a -2.10% return, marking two consecutive weeks of declines after an impressive start to the year. The index closed the month of January down 4 basis points. Though earlier in the month equity markets appeared to carry momentum from the positive developments in the trade agreement, it quickly reversed as reports of the coronavirus, which originated in Wuhan, China, began to emerge. The index displayed trading volatility throughout the week reflecting investors' uncertainty on how the virus epidemic will affect global economic growth as commercial flights and freight to and from China significantly declined. Crude oil also felt the weight on potential declines in fuel demands and closed at \$51.56 per barrel on Friday, declining 4.85% for the week. Though the coronavirus dominated concerns, U.S. consumer optimism was also evident as the University of Michigan Consumer Sentiment Index's January number hit an eight-month high. U.S. initial jobless claims of 216K were similar to the consensus estimate of 215K, but higher than the previous week's claims of 211K. **L Brands Inc.**, a women's apparel and beauty products retailer, was the best performing stock in the S&P 500 Index last week returning 11.67%. The stock struggled in 2019 declining over 25% but jumped last Wednesday on news that Leslie Wexner was contemplating relinquishing his CEO role and considering the sale of Victoria's Secret. Last week, the three largest companies in the S&P 500 Index, **Apple Inc.**, **Microsoft Corp.**, and **Amazon.com Inc.**, all reported beating earnings expectations. The online retailer **Amazon.com Inc.** was the standout of the three reporting a large earnings surprise. Positive reports regarding their cloud computing business and the companies one-day shipping initiative helped create positive momentum as the stock climbed 7.90% last week. Earnings announcements expected this week include **Alphabet Inc.**, **The Walt Disney Company**, **Merck & Company Inc.**, **QUALCOMM Inc.**, and many more.

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