

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.076 (0.5 bps)	GNMA (30 Yr) 6% Coupon:	109-15/32 (3.26%)
6 Mo. T-Bill:	0.081 (unch.)	Duration:	3.63 years
1 Yr. T-Bill:	0.091 (-0.5 bps)	Bond Buyer 40 Yield:	3.47 (unch.)
2 Yr. T-Note:	0.133 (unch.)	Crude Oil Futures:	52.36 (0.12)
3 Yr. T-Note:	0.204 (-1.5 bps)	Gold Spot:	1,828.45 (-20.56)
5 Yr. T-Note:	0.450 (-3.3 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.083 (-3.2 bps)	U.S. High Yield:	4.92 (-4 bps)
30 Yr. T-Bond:	1.833 (-4.0 bps)	BB:	3.79 (-1 bp)
		B:	5.33 (-5 bps)

Making news last week was President-elect Joe Biden's proposed \$1.9 trillion stimulus package, including \$1,400 stimulus checks for individuals and aid for state and local governments. The announced amount seemed to be less than what was being anticipated by markets as equities were weak, gold little changed and bond yields only making small gains. For the week, oil prices continued to rise on the back of the January 5th surprise OPEC cut and generally weak dollar. Mid-week news included Wednesday's Consumer Price Index data which registered a 0.4% increase for December as energy prices rose 4.0%. Last Friday was littered with economic reports. Industrial Production was found increasing for December and easily beat consensus expectations of 0.5% with a 1.6% gain. This was the third consecutive month of rising industrial production and utilities led the way with a 6.3% increase as December temperatures fell increasing heating demand. Producer Prices (the PPI) rose 0.3% on the back of a 5.5% increase in energy prices. Goods and services also had small increases. Producer prices excluding food and energy were up 1.2% this past year. The Friday Retail Sales report disappointed with a 0.7% December decline. The decline is attributed to the decline in stimulus as the latest round of stimulus checks were not sent until the end of the month. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Wednesday: January 15 MBA Mortgage Applications (N/A, 16.7%); Thursday: January 15 Initial Jobless Claims (885k, 965k) and December Housing Starts (1.56M, 1.55M); Friday: January preliminary Markit US Manufacturing PMI (56.5, 57.1) and December Existing Home Sales (6.55M, 6.69M).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	30,814.26 (-0.91%)	Strong Sectors:	Energy, Real Estate, Utilities
S&P 500:	3,768.25 (-1.46%)	Weak Sectors:	Comm Services, Info Tech, Consumer Staples
S&P Midcap:	2,424.03 (0.34%)	NYSE Advance/Decline:	1,827 / 1,402
S&P Smallcap:	1,211.91 (1.83%)	NYSE New Highs/New Lows:	673 / 34
NASDAQ Comp:	12,998.50 (-1.54%)	AAll Bulls/Bears:	45.2% / 31.7% (as of 1/6/2021)
Russell 2000:	2,123.20 (1.51%)		

Stocks closed lower on Friday as President-elect Joe Biden released plans for a \$1.9 trillion dollar COVID-19 relief package. On Friday, tech shares gained while banks led the decline of financial stocks after some of the largest players released less than stellar earnings reports. This short-term selloff goes against the longer upward trend for stocks. The S&P 500 hit a record high during the first week of the year, only to fade slightly last week. Energy stocks led the market last week as oil prices reached levels not seen since February 2020. Investors will look for guidance from the new administration and congress as the shifting political landscape has businesses changing strategies while the economy has yet to pick back up from last year. While retail sales fell in December, production increased more than expected. The increase marked eight straight months of gains and could be a bright spot for a battered economic recovery. In a shift from mega retailers, e-commerce retailer **Etsy** was the top performing stock in the S&P 500 last week. The company was touted by analysts after strong data pointing to increased sales has investors looking to the company's earnings release next month. **General Motors** was also a top performer last week after the company announced a new electric Corvette SUV to compete with **Ford**. Looking ahead to next week, the world will be focused on Wednesday's inauguration and the following days as the Biden administration begins its first 100 days with ambitious plans to fight the virus and support the economy.

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