

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.015 (1.8 bps)	GNMA (30 Yr) 6% Coupon:	110-21/32 (2.87%)
6 Mo. T-Bill:	0.033 (1.3 bps)	Duration:	3.78 years
1 Yr. T-Bill:	0.061 (0.5 bps)	Bond Buyer 40 Yield:	3.53 (-1 bps)
2 Yr. T-Note:	0.139 (-1.1 bps)	Crude Oil Futures:	60.97 (-0.45)
3 Yr. T-Note:	0.308 (-2.1 bps)	Gold Spot:	1,732.52 (-12.71)
5 Yr. T-Note:	0.865 (-1.5 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.676 (-4.5 bps)	U.S. High Yield:	4.91 (-14 bp)
30 Yr. T-Bond:	2.378 (-5.5 bps)	BB:	3.91 (-15 bps)
		B:	5.27 (-12 bps)

Treasury yields dropped moderately over the course of the week on renewed lockdown fears in Europe and testimony from the Federal Reserve. Treasury yields began the week dropping significantly on Monday and Tuesday, as Fed Chairman Powell confirmed the Fed's commitment to loose monetary policy, insisting that he does not believe that a surge in inflation this year will be persistent or large. Powell believes that the Federal Reserve has the tools necessary to deal with higher inflation. Yields continued to slide on Wednesday as Germany extended its lockdown order to April 18th, causing investors to seek the perceived safety of Treasury bonds. On Thursday, new unemployment claims fell to 684,000, below consensus expectations and below 700,000 for the first time since the beginning of the pandemic. This led to little demand for Thursday's 7-year Treasury auction. Treasury yields edge up on Friday on increased inflation fears but still ended the week down moderately. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: March Conf. Board Consumer Confidence (96.1, 91.3); Wednesday: March 26 MBA Mortgage Applications (n/a, -2.5%), March ADP Employment Change (550k, 117k), March MNI Chicago PMI (60.0, 59.5); Thursday: March 27 Initial Jobless Claims (680k, 684k), March Final Markit US Manufacturing PMI (59.0, 59.0), February Construction Spending MoM (-0.9%, 1.7%), March ISM Manufacturing (61.0, 60.8); Friday: March Change in Nonfarm Payrolls (630k, 379k), March Unemployment Rate (6.0%, 6.2%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	33,072.88 (1.36%)	Strong Sectors:	Real Estate, Energy,
S&P 500:	3,974.54 (1.58%)		Consumer Staples
S&P Midcap:	2,626.57 (0.48%)	Weak Sectors:	Communication Services,
S&P Smallcap:	1,331.26 (-1.74%)		Cons Discretionary, Financials
NASDAQ Comp:	13,138.72 (-0.57%)	NYSE Advance/Decline:	1,564 / 1,787
Russell 2000:	2,221.48 (-2.88%)	NYSE New Highs/New Lows:	340 / 262
		AAII Bulls/Bears:	50.9% / 20.6%

The S&P 500 Index returned 1.58% after a choppy week of trading. The index pushed higher on Monday, but equities reversed direction the following day as concerns grew regarding the economic recovery with more European countries increasing their COVID-19 lockdown efforts. Crude oil prices declined 6.16% on Tuesday as they were also affected by the lockdown on concerns over future fuel demands. Communication services, consumer discretionary, and information technology placed downward pressure on the index on Wednesday, while crude oil rebounded 5.92% as potential supply disruptions arose due to a large container ship blocking the Suez Canal, an important supply route for crude. Crude oil closed at \$60.97 per barrel on Friday, declining 73 basis points for the week. Prices have increased over 25% in 2021 helping make energy the best performing sector this year returning 34.82%. Equities were positive Thursday as Federal Reserve Chairman Jerome Powell said they would continue to aid the economy and gradually pull back the monetary support once the economy has recovered. U.S. initial jobless claims were reported at 684K which were lower than the consensus estimate of 730K and the previous week's claims of 770K. The best performing stock in the S&P 500 Index last week was **Kansas City Southern**, a rail freight transportation company, returning 13.14%. The stock opened higher on Monday on the announcement that **Canadian Pacific Railway Limited** would be acquiring the company. **Applied Materials Inc.**, **KLA Corp**, and **Lam Research Corp** had a good week, returning 12.00%, 9.24%, and 7.73% respectively. The semiconductor equipment manufacturers had positive momentum after **Intel Corp** announced they plan to build two semiconductor foundries in the US and further increase capital spending. A semiconductor shortage has caused supply problems for many companies and given a tailwind to semiconductor equipment stocks. Media stocks **ViacomCBS Inc.** and **Discovery Inc.** were the two worst performing stocks last week in the S&P 500 Index, returning -50.46% and -45.52%. The stocks dropped as more analysts downgraded them for being overvalued. Both stocks were up over 150% YTD before their decline last week. Earnings announcements expected this week include **Micron Technology Inc.**, **Walgreens Boots Alliance Inc.**, **McCormick & Company Inc.**, **CarMax Inc.**, and **PVH Corp**.

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