

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.008 (-0.5 bps)	GNMA (30 Yr) 6% Coupon:	110-21 <sup>1</sup> / <sub>4</sub> /32 (2.88%)
6 Mo. T-Bill:	0.030 (0.3 bps)	Duration:	3.95 years
1 Yr. T-Bill:	0.056 (-0.3 bps)	Bond Buyer 40 Yield:	3.49 (-3 bps)
2 Yr. T-Note:	0.155 (-3.1 bps)	Crude Oil Futures:	59.32 (-2.13)
3 Yr. T-Note:	0.333 (-5.0 bps)	Gold Spot:	1,743.88 (15.01)
5 Yr. T-Note:	0.863 (-11.4 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.658 (-6.3 bps)	U.S. High Yield:	4.79 (-11 bps)
30 Yr. T-Bond:	2.329 (-2.7 bps)	BB:	3.82 (-9 bps)
		B:	5.18 (-13 bps)

Treasury yields mostly fell last week across the yield curve, reversing a recent surge. The trade deficit widened to a record \$71.1 billion in February, as supply chain disruptions and a widespread blackout in Texas led to a decline in exports. Continued claims, or the number of people receiving unemployment benefits, continued to slowly improve, falling to a one-year low of 3.73 million in the week ending on March 27. That represents a significant improvement from the high of over 23 million reached in May 2020. Producer prices increased well ahead of expectations in March, rising 1% over the prior month. Year over year, producer prices increased 4.2%, which was the largest yearly increase since 2011. However, producer prices fell around the start of the pandemic and the lower base contributed to the large year-over-year increase. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: March CPI MoM (0.5%, 0.4%); Wednesday: April 9 MBA Mortgage Applications (N/A, -5.1%); Thursday: April 10 Initial Jobless Claims (700k, 744k), March Retail Sales Advance MoM (5.2%, -3.0%), March Industrial Production MoM (2.8%, -2.2%), April Empire Manufacturing (18.5, 17.4); Friday: April Preliminary U. of Mich. Sentiment (89.0, 84.9), March Housing Starts (1602k, 1421k).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	33,800.60 (1.99%)	Strong Sectors:	Information Technology, Cons Disc, Comm Services
S&P 500:	4,128.80 (2.75%)	Weak Sectors:	Energy, Real Estate, Materials
S&P Midcap:	2,670.52 (0.87%)		
S&P Smallcap:	1,334.56 (-0.41%)		
NASDAQ Comp:	13,900.19 (3.13%)	NYSE Advance/Decline:	2,239 / 1,176
Russell 2000:	2,243.47 (-0.46%)	NYSE New Highs/New Lows:	669 / 54
		AAII Bulls/Bears:	56.9% / 20.4%

Stocks continued to hit new highs last week after the S&P 500 roared past the 4000 level returning over 2.75%. The index is on its longest weekly winning streak since October of last year. Mixed economic data and commentary from the Federal Reserve reinforced the case for prolonged policy support giving investors a fallback plan for uncertain growth. Semiconductors are still on investor's radar as chip shortages plague many industries. **Taiwan Semiconductor Manufacturing Co.** benefitted from the increased demand last quarter as the chipmaker posted growth in quarterly sales. President Biden looks to solidify his budget plans in the coming weeks. Defense spending looks to be an area of the budget the new administration is ready to streamline. According to people familiar with the plans, the President plans to submit a \$715 billion dollar budget to the Pentagon, which adjusted for inflation comes in lower than his predecessor and only a billion dollars less than the 2020 defense budget. Defense contractor **Lockheed Martin** traded higher during the week by over 4% continuing an upward trend for the stock after a relative low during January of this year. The reopening trade also continues to gain steam in various pockets of the market. The latest move comes from **Norwegian Cruise Lines** after the company announced plans for future passengers and crew to show proof of vaccination at least two weeks before boarding one of their cruise liners. The industry has been one of the hardest hit during the pandemic due to its heavy regulation. Looking ahead to next week, the Federal Reserve is set to release its Beige Book along with initial jobless claims and retail sales numbers coming on Thursday.

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