

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.005 (0.3 bps)	GNMA (30 Yr) 6% Coupon:	112-00 ^{3/4} /32 (2.50%)
6 Mo. T-Bill:	0.028 (0.5 bps)	Duration:	3.84 years
1 Yr. T-Bill:	0.041 (-0.8 bps)	Bond Buyer 40 Yield:	3.44 (-2 bps)
2 Yr. T-Note:	0.145 (-1.4 bps)	Crude Oil Futures:	64.90 (+1.32)
3 Yr. T-Note:	0.289 (-4.0 bps)	Gold Spot:	1,831.24 (+62.11)
5 Yr. T-Note:	0.774 (-7.2 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.577 (-4.9 bps)	U.S. High Yield:	4.76 (-5 bps)
30 Yr. T-Bond:	2.277 (-2.0 bps)	BB:	3.80 (-5 bps)
		B:	5.15 (-5 bps)

U.S. Treasury bond yields were down across the yield curve last week. The risk-off sentiment during the week was largely fueled by mixed economic reports. The ISM Manufacturing and Non-Manufacturing Indexes, which are based on industry survey data, both came in lighter than expected for the month of April. Though both indexes still signaled economic expansion. Investors digested a softer-than-expected jobs report on Friday. Nonfarm payrolls increased 266,000 in the month of April, which was well short of the consensus expected level of 1,000,000 as increased government unemployment benefits persist. The largest increase in jobs during last month came from the leisure and hospitality sector. Unemployment ticked up 0.1% in the month of April to 6.1% overall. More encouragingly, average hourly earnings rose by 0.7% and aggregate hours worked increased 0.5% last month. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: April NFIB Small Business Optimism (100.8, 98.2); Wednesday: May 7 MBA Mortgage Applications (N/A, -0.9%), April CPI MoM (0.2%, 0.6%), April CPI YoY (3.66%, 2.6%), April Monthly Budget Statement (N/A, -\$659.6); Thursday: April PPI Final Demand MoM (0.3%, 1.0%), April PPI Final Demand YoY (5.8%, 4.2%), May 8 Initial Jobless Claims (500K, 498K), May 1 Continuing Claims (3640K, 3690K); Friday: April Retail Sales Advance MoM (1.0%, 9.8%), April Import Price Index MoM 0.6%, 1.2%), April Industrial Production MoM (1.1%, 1.4%), April Capacity Utilization 75.1%, 74.4%), May Preliminary University of Michigan Sentiment (90.2, 88.3).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	34,777.76 (2.72%)	Strong Sectors:	Energy, Materials, Financials
S&P 500:	4,232.60 (1.26%)	Weak Sectors:	Consumer Discretionary, Utilities, Real Estate
S&P Midcap:	2,770.27 (1.68%)	NYSE Advance/Decline:	2,286 / 1,171
S&P Smallcap:	1,374.26 (2.16%)	NYSE New Highs/New Lows:	911 / 94
NASDAQ Comp:	13,752.24 (-1.48%)	AAll Bulls/Bears:	44.3% / 23.1%
Russell 2000:	2,271.63 (0.25%)		

Stocks rose to a record high as Energy, Materials and Financials in the S&P 500 led the charge last week. The closely watched payroll numbers came in much lower than expected at +266k jobs added versus the consensus estimate of a one million job surge. The data rattled the markets early on Friday before stocks, measured by the S&P 500, took off at the opening bell to close up over 1% for the week. Tech stocks continue to move independently from the broad market indexes. Both the NASDAQ 100 and NASDAQ Composite index lost value last week. The indexes major components such as **Facebook, Apple, Netflix, and Amazon** all traded lower last week. On the positive side, the leaders of the S&P 500 were some all but forgotten Energy and Materials companies that have seen the benefit of increasing economic activity. Offshore driller **Baker Hughes** gained over 20% last week after its rig counts continue to climb. Steel company **Nucor** was also up over 20% after an industry-wide trend of improving revenue and margins set the tone for a bullish second half of 2021. With economic activity picking up, but the jobs number sending mixed signals to the market, policymakers are reluctant to change their conservative views of the recovery. Treasury Secretary Janet Yellen commented that the jobs report “underscores the long-haul climb back to recovery.” She retains her expectation of full employment returning in 2022. Looking ahead to next week, data points on pricing along with retail sales are set to hit the tape.

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