

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.003 (0.5 bps)	GNMA (30 Yr) 6% Coupon:	111-05/32 (2.72%)
6 Mo. T-Bill:	0.020 (1.3 bps)	Duration:	3.86 years
1 Yr. T-Bill:	0.033 (-0.3 bps)	Bond Buyer 40 Yield:	3.43 (-1 bp)
2 Yr. T-Note:	0.141 (-1.3 bps)	Crude Oil Futures:	66.32 (2.74)
3 Yr. T-Note:	0.298 (-2.9 bps)	Gold Spot:	1,903.77 (22.52)
5 Yr. T-Note:	0.800 (-2.2 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.594 (-2.7 bps)	U.S. High Yield:	4.73 (-08 bps)
30 Yr. T-Bond:	2.282 (-3.5 bps)	BB:	3.78 (-07 bps)
		B:	5.15 (-07 bps)

Treasury yields dropped mildly over the course of the week despite the Federal Reserve's discussion of tapering asset purchases and the Biden administration's \$6 trillion budget proposal. Even though the Fed is expected to pare back the \$120 billion a month bond buying program, investors have read many of the comments from the Fed as dovish. Fed Vice Chairman Richard Clarida said that he thinks "it's going to depend on the flow of data that we get" and Mary Daly, President of the San Francisco Fed, said that "we need to be patient, data dependent, but very patient." Chicago Fed President Charles Evans said that the high inflation readings are not the start of a steady move to higher consumer prices. These comments led investors to believe that tapering would occur more slowly than previously expected. However, on Thursday, yields rebounded on renewed inflation concerns as the Biden administration proposed a \$6 trillion budget for fiscal year 2022, which would be the highest sustained level of spending since World War II, adjusted for inflation. Ultimately, yields ended the week down mildly. Major economic reports (related consensus forecasts, prior data) for the upcoming holiday-shortened week include Tuesday: May Final Markit US Manufacturing PMI (61.5, 61.5), April Construction Spending MoM (0.6%, 0.2%), May ISM Manufacturing (61.0, 60.7); Wednesday: May 28 MBA Mortgage Applications (n/a, -4.2%); Thursday: May ADP Employment Change (680k, 742k), May 29 Initial Jobless Claims (405k, 406k); Friday: May Change in Nonfarm Payrolls (663k, 266k), May Unemployment Rate (5.9%, 6.1%), April Final Durable Goods Orders (n/a, -1.3%), April Factory Orders (0.2%, 1.1%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	34,529.45 (1.03%)	Strong Sectors:	Comm Services, Cons. Discretionary
S&P 500:	4,204.11 (1.20%)		Real Estate
S&P Midcap:	2,727.44 (1.43%)	Weak Sectors:	Info. Tech., Health Care,
S&P Smallcap:	1,371.94 (2.15%)		Utilities
NASDAQ Comp:	13,748.74 (2.08%)	NYSE Advance/Decline:	2,342 / 1,152
Russell 2000:	2,268.97 (2.45%)	NYSE New Highs/New Lows:	513 / 93
		AAII Bulls/Bears:	36.4% / 26.4%

Equity markets climbed higher as positive economic results from consumption to employment continued to fuel economic growth expectations for 2021. Large cap names rallied 1.20% while their small and mid cap counterparts rallied 1.43% and 2.15% respectively. This trend has been rolling all year as the large cap S&P 500 returned 12.61% YTD compared to the mid cap S&P 400 18.81% and the small cap S&P 600 23.14%. Earnings season wound down as 489 of the S&P 500 names have reported quarterly results. According to Bloomberg, those 489 names averaged a 23.08% earnings surprise and 3.93% sales surprised compared to analyst estimates. Last quarter there was a 15.5% earnings surprise and a 2.57% sales surprise compared to estimates. That is a sizeable jump in quarterly results compared to Wall Street expectations. Last week, **Salesforce.com** announced quarterly earnings and revenue well ahead of street expectations. Management credited their Service Cloud offerings with driving the positive results. Their stock was up 6.97% last week as they raised sales and operating guidance for the rest of their fiscal year. **Ulta Beauty Inc.** also announced quarterly results as their 1Q comparable sales jumped 65.9% vs analysts expectations of 39.2%. The CEO credited Ulta's success on strong sales trends, market share gains and positive consumer sentiment as the stock returned 9.26% last week. The three major U.S. cruise lines in the S&P 500 **Royal Caribbean Cruises**, **Norwegian Cruise Line** and **Carnival Corp.** averaged a 10% return last week after it was announced that Florida and Texas have approved the industry to set sail again in June. Looking ahead to next week, U.S. equity markets are closed Monday in honor of Memorial Day. Later in the week OPEC+ is expected to announce their level of oil production in the face of improving global demand and there are several U.S. employment announcements that will reveal how strong jobs are recovering.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.