

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.223 (4.8 bps)	Bond Buyer 40 Yield:	3.59 (0 bps)
6 Mo. T-Bill:	0.544 (13.8 bps)	Crude Oil Futures:	92.31 (+5.49)
1 Yr. T-Bill:	0.862 (12.8 bps)	Gold Spot:	1,808.28 (+16.75)
2 Yr. T-Note:	1.310 (14.8 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	1.535 (16.1 bps)	U.S. High Yield:	5.63 (11 bps)
5 Yr. T-Note:	1.768 (15.5 bps)	BB:	4.66 (12 bps)
10 Yr. T-Note:	1.908 (13.9 bps)	B:	5.98 (8 bps)
30 Yr. T-Bond:	2.210 (13.7 bps)		

The yield curve experienced a parallel shift upwards at each maturity last week. Friday witnessed an impressive jobs report that reinforced confidence in the economic recovery's durability. Despite record COVID infections in January, U.S. employers added 467,000 jobs during the month representing a 280% beat relative to the median estimate of 125,000. Average hourly earnings also topped expectations and rose 0.7% in January and 5.4% year-over-year. Importantly, the labor participation rate jumped to 62.2% from December's 61.9% level. The participation rate has increased 50 bps since October and is key to improving supply chains and curbing inflation. However, it still remains over 100 bps below pre-Covid levels. Nonetheless, the jobs report will likely provide the Fed with the necessary confidence in the U.S. economy to begin its path to multiple rate hikes in 2022. As of Friday's close, the swap market is pricing in over five rate hikes during the year. Friday's jobs report reiterated the economy's strength reflected in economic reports released earlier in the week. Chicago PMI rose to 65.2 when estimates called for a deceleration to 61.8. January ISM Manufacturing and January Markit US Manufacturing PMI results also surprised to the upside. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: December Trade Balance (-\$83.0b, -\$80.2b); Wednesday: February 4 MBA Mortgage Applications (N/A, 12%), December Wholesale Inventories MoM (2.0%, 2.1%); Thursday: January CPI MoM (0.5%, 0.5%), February 5 Initial Jobless Claims (235k, 238k); Friday: Preliminary February University of Michigan Sentiment Survey (67.5, 67.2).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	35,089.74 (1.06%)	Strong Sectors:	Energy, Cons. Discretionary, Financials
S&P 500:	4,500.53 (1.57%)	Weak Sectors:	Materials, Real Estate, Comm. Services
S&P Midcap:	2,623.18 (1.77%)	NYSE Advance/Drop:	2,186 / 1,382
S&P Smallcap:	1,283.62 (0.95%)	NYSE New Highs/New Lows:	163 / 464
NASDAQ Comp:	14,098.01 (2.41%)	AAll Bulls/Bears:	26.5% / 43.7%
Russell 2000:	2,002.36 (1.74%)		

Overall equities were up modestly last week after the S&P 500 index returned 1.57%, however that doesn't put into perspective how volatile some names were. Earnings reports dominated headlines and drove many individual stock returns. **Paypal Holdings Inc.** released disastrous quarterly results and guidance and the payment processing company returned -22.90% last week, the worst performing name in the S&P 500. Paypal, who is the parent of peer-to-peer lender **Venmo**, announced payments growth has slowed and guided they would be losing nearly 20 million users due to inactivity this year. Further they revealed the 'vast majority' of their payments volume comes from only 1/3 of their customers. The second worst performing name in the S&P 500 last week was **Facebook** and **Instagram** parent company **Meta Platforms Inc.** The social media giant plunged 21.42% last week after announcing weaker earnings and guidance because they are facing an 'unprecedented level of competition' and they lost users for the first time. This wiped out \$252b in market cap, the largest single day loss ever for a stock, a larger loss in market cap than the market cap of 482 other names in the S&P 500. Meta has also been seeing weakness in ad spending after **Apple Inc.**'s new privacy rules around identifiers for advertisers (IDFA) has weakened their pricing power. These IDFA issues for Meta flowed through to worries for investors in **Snap Inc.**, which pushed their stock down 23.60% on Thursday last week. However, the short video social media platform provider was able to nimbly navigate the IDFA changes and announced earnings and guidance well ahead of estimates which resulted in shares soaring 58.82% on Friday, and 27.91% for last week. Looking ahead to next week, earning season continues as 83 names in the S&P 500 index are expected to report quarterly results. Some of the names include **Pfizer Inc.**, **Coca-Cola Co.**, **Walt Disney Co.** and **PepsiCo Inc.**

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