

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	5.372 (2.1 bps)	Bond Buyer 40 Yield:	4.64 (-4 bps)
6 Mo. T-Bill:	5.378 (3.2 bps)	Crude Oil Futures:	74.07 (-2.84)
1 Yr. T-Bill:	5.117 (11.7 bps)	Gold Spot:	1,998.30 (+72.70)
2 Yr. T-Note:	4.721 (18.2 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.457 (16.1 bps)	US High Yield:	8.43 (-5 bps)
5 Yr. T-Note:	4.239 (11.6 bps)	BB:	6.94 (-4 bps)
10 Yr. T-Note:	4.226 (3.0 bps)	B:	8.61 (-4 bps)
30 Yr. T-Bond:	4.304 (-8.5 bps)		

Treasury yields increased across the board last week with the exception of the 30-year, as several sets of data showed the labor market has remained strong, encouraging the Fed to keep rates higher for longer. The ADP employment change showed 103k jobs were added in November, below the consensus of 130k. This follows data from the JOLT's job-opening report that showed job openings fell to the lowest since 2021. While the labor market remains healthy, these reports signal a gradual cooling demand for workers. The trade balance report grew by \$63 billion in October. Exports declined by \$2.6 billion, led by autos, civilian aircraft, and gem diamonds. Imports rose by \$0.5 billion, led by pharmaceuticals, computers, and drilling and oilfield equipment. Treasury yields jumped at the end of the week following several labor market reports. Weekly jobless claims inched up to 220k while the November employment rate unexpectedly declined to 3.7%, compared to the consensus expected 3.9%. Nonfarm payrolls increased by 199k in November, beating the consensus expected of 185k, with private sector payrolls increasing by 150k. After September and October revisions, private payrolls were reduced to a modest 89k, which includes 38k workers who returned to work after having been on strike. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: November CPI MoM (0.0%, 0.0%), November CPI YoY (3.1%, 3.2%); Wednesday: December 8th MBA Mortgage Applications (N/A, 2.8%), November PPI Final Demand MoM (0.0%, -0.5%), December 13th FOMC Rate Decision (Upper Bound) (5.50%, 5.50%); Thursday: November Retail Sales Advance MoM (-0.1%, -0.1%), December 9th Initial Jobless Claims (221k, 220k); Friday: December Empire Manufacturing (2.0, 9.1), November Industrial Production MoM (0.3%, -0.6%), December Preliminary S&P Global US Manufacturing PMI (49.3, 49.4).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow [®] :	36,247.87 (0.04%)	Strong Sectors:	Communication Services,
S&P 500 [®] :	4,604.37 (0.24%)		Cons Discretionary, Info Tech
S&P MidCap 400 [®] :	2,632.09 (0.29%)	Weak Sectors:	Energy, Materials,
S&P SmallCap 600 [®] :	1,220.21 (1.32%)		Consumer Staples
Nasdaq Composite [®] :	14,403.97 (0.70%)	NYSE Advance/Decline:	1,428 / 1,533
Russell 2000 [®] :	1,880.82 (1.00%)	NYSE New Highs/New Lows:	294 / 68
		AAll Bulls/Bears:	47.3% / 27.4%

The S&P 500 Index closed last week at 4,604.37, posting a closing high for 2023 and above 4,600 for the first time since late March 2022. The index is within 200 points of 4,796.56, the all-time closing high posted on January 3, 2022. Last week's gain of 24 basis points marked the sixth consecutive week of positive returns with the index adding 12.10% since October 27. Equities opened down last week and continued the trend through Wednesday, declining 98 basis points. However, stocks rallied back on Thursday and Friday led by communication services names like **Meta Platforms Inc.** and **Alphabet Inc.** and semiconductor stocks in the information technology sector like **NVIDIA Corp** and **Advanced Micro Devices Inc.** Economic data last week showed U.S. job openings continuing to decline from their high in March 2022 and the US economy has added fewer jobs than expected each of the last four months. However, U.S. initial jobless claims of 220K last week equaled expectations and were only slightly higher than the previous week, while unemployment declined to 3.7% in November. Though the economy still appears strong and resilient, last week's data gave investors more hope that the Federal Reserve's rate hiking cycle is done and may achieve a soft landing avoiding a recession. Cruise line stocks **Carnival Corp** and **Norwegian Cruise Line Holdings Ltd** were the best performers in the S&P 500 Index last week, returning 14.91% and 13.76% respectively. Optimism has surrounded the industry this year on travel demand with one analyst raising his price target and another increasing his rating on **Carnival Corp** last week. **Alaska Air Group Inc.** was the worst performing stock in the S&P 500 Index declining 10.37%. The stock dropped 14.22% on Monday on the announcement of their proposed acquisition of **Hawaiian Holdings Inc.**, which jumped 192% on the news. Earnings announcements expected this week include **Oracle Corp**, **Adobe Inc.**, **Costco Wholesale Corp**, **Lennar Corp**, **Johnson Controls International**, **Darden Restaurants Inc.**, **Steel Dynamics Inc.**, among others.

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