

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	5.351 (1.6 bps)	Bond Buyer 40 Yield:	4.83 (-2 bps)
6 Mo. T-Bill:	5.210 (-1.1 bps)	Crude Oil Futures:	78.01 (4.60)
1 Yr. T-Bill:	4.774 (-6.6 bps)	Gold Spot:	2,018.52 (-10.97)
2 Yr. T-Note:	4.349 (-3.6 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.147 (-1.3 bps)	US High Yield:	7.91 (-14 bps)
5 Yr. T-Note:	4.037 (-1.4 bps)	BB:	6.54 (-10 bps)
10 Yr. T-Note:	4.137 (1.5 bps)	B:	8.04 (-15 bps)
30 Yr. T-Bond:	4.369 (4.0 bps)		

Treasury yields were mixed last week as short-term Treasury yields fell slightly and long-term Treasury yields rose moderately, causing the yield curve to become slightly less inverted. Long-term yields rose moderately over the first half of the week on the actions of multiple foreign central banks. On Tuesday, the Bank of Japan left rates unchanged while stating that the certainty of achieving projections has increased gradually. On Wednesday, the Bank of Canada also left rates unchanged and signaled that they are finished increasing rates. Short-term yields dropped moderately on Thursday as the European Central Bank signaled that moves to lower rates in 2024 may be earlier than expected. Rates rose slightly on short-term maturities and moderately on long-term maturities on Friday as December Personal spending was higher than analysts had expected. The market implied probability of a rate cut by the Federal Reserve Bank during The January 31st meeting stayed unchanged at 3%, and the probability of a cut at the March 20th meeting stayed relatively unchanged at 48%. The market implied Federal Funds Rate at the end of 2024 also stayed relatively unchanged at 3.99%. Oil prices rose 6% over the course of the week on geopolitical tensions. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: January Conf. Board Consumer Confidence; Wednesday: January 26 MBA Mortgage Applications (n/a, 3.7%), ADP Employment Change (145k, 164k), January MNI Chicago PMI (48.0, 46.9), January 31 FOMC Rate Decision (Upper Bound) (5.50%, 5.50%); Thursday: January 27 Initial Jobless Claims (210k, 214k), January Final S&P Global US Manufacturing PMI (50.3, 50.3), January ISM Manufacturing (47.0, 47.4); Friday: January Change in Nonfarm Payrolls (175k, 216k), January Unemployment Rate (3.8%, 3.7%), January Final U. of Mich. Sentiment (78.8, 78.8), December Factory Orders (0.2%, 2.6%), December Final Durable Goods Orders (n/a, 0.0%).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow [®] :	38,109.43 (0.65%)	Strong Sectors:	Energy, Comm Services, Financials
S&P 500 [®] :	4,890.97 (1.07%)	Weak Sectors:	Cons Discretionary, Real Estate, Health Care
S&P MidCap 400 [®] :	2,763.77 (0.84%)	NYSE Advance/Decline:	2,135 / 797
S&P SmallCap 600 [®] :	1,290.07 (1.56%)	NYSE New Highs/New Lows:	364 / 71
Nasdaq Composite [®] :	15,455.36 (0.94%)	AAll Bulls/Bears:	39.3% / 26.1%
Russell 2000 [®] :	1,978.33 (1.75%)		

The S&P 500 Index returned 1.07% last week, posting gains four out of the five trading days and a new all-time closing high of 4,894.16 on Thursday. After declining the first week of the year, the S&P 500 Index has posted three straight weeks of gains, each over 100 basis points. Equities have continued last year's upward trend, showing strength in 2024. Much of the momentum that started in December 2023 was due to increased expectations that the Federal Reserve was at the end of their rate hikes and would begin to cut rates in 2024. Economic data last week showed fourth quarter 2023 annualized GDP came in at 3.3%, higher than the expected 2.0%, creating optimism that the chances of recession have been muted significantly. U.S. initial jobless claims of 214K last week were higher than the 200K expected and the previous week's 187K. Energy was the best performing sector in the S&P 500 Index, gaining 5.15%, followed by the communication services sector which posted a 4.52% gain. **Halliburton Company** was the best performing energy name with a 10.48% return as crude oil climbed 6.27% for the week. Communication services stock **Netflix Inc.** was the best performer in the S&P 500 Index last week returning 18.11%. The stock jumped on Wednesday on the company's earnings release, revealing they beat revenue and earnings estimates. **Microsoft Corp** hit a new all-time high last week as the company became the second stock to hit a \$3 trillion market capitalization. Other mega-cap names to hit new highs last week included **Alphabet Inc.**, **Meta Platforms Inc.**, and **NVIDIA Corp**. Earnings season is in full swing with announcements expected this week from **Microsoft Corp**, **Apple Inc.**, **Alphabet Inc.**, **Amazon.com Inc.**, **Meta Platforms Inc.**, **Exxon Mobil Corp**, **Mastercard Inc.**, **Merck & Company Inc.**, **Advanced Micro Devices Inc.**, **Chevron Corp**, **The Boeing Company**, **Starbucks Corp**, and many more.

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