

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	5.362 (1.1 bps)	Bond Buyer 40 Yield:	4.69 (-14 bps)
6 Mo. T-Bill:	5.239 (2.9 bps)	Crude Oil Futures:	72.28 (-5.73)
1 Yr. T-Bill:	4.792 (1.8 bps)	Gold Spot:	2,039.76 (+21.24)
2 Yr. T-Note:	4.364 (1.5 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.142 (-0.5 bps)	US High Yield:	7.96 (5 bps)
5 Yr. T-Note:	3.982 (-5.5 bps)	BB:	6.55 (1 bps)
10 Yr. T-Note:	4.020 (-11.7 bps)	B:	8.05 (1 bps)
30 Yr. T-Bond:	4.221 (-14.8 bps)		

Treasury yields finished the week mixed, as shorter duration yields ended higher while longer duration yields fell. The focus was on Jerome Powell and the Federal Reserve this week as the first FOMC meeting of the new year took place on Wednesday. The Fed didn't change short-term interest rates, nor did it alter the pace of Quantitative Tightening, though Fed Chair Jerome Powell had a more confident tune during his press conference. He stated that incoming data has been in-line with what the Fed wants to see to start the rate cut process and that there isn't a reason to expect the positive progression of inflation data to shift in the months ahead. The ISM Manufacturing Index increased to 49.1 in January, beating the consensus expected 47.2. Activity in the US manufacturing sector contracted for the fifteenth consecutive month in January, but the details of the report show some signs of improvement. Nonfarm productivity increased 3.2% at an annual rate in the fourth quarter, beating the consensus expected gain of 2.5%. Both output and hours rose, but output rose at a faster pace, leading to more output per hour. Nonfarm payrolls increased 353,000 in January, beating the consensus expected 185,000. Payroll gains for November and December were revised up by a total of 126,000, bringing the net gain, including revisions, to 479,000. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Wednesday: MBA Mortgage Applications (n/a, -7.2%), December Trade Balance (-\$62.2b, -\$63.2b); Thursday: Initial Jobless Claims (220k, 224k).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	38,654.62 (1.43%)	Strong Sectors:	Cons. Discretionary, Staples, Health Care
S&P 500:	4,958.61 (1.41%)	Weak Sectors:	Real Estate, Energy, Info. Tech.
S&P Midcap:	2,767.15 (0.15%)	NYSE Advance/Decline:	1,424 / 1,508
S&P Smallcap:	1,273.63 (-1.25%)	NYSE New Highs/New Lows:	431 / 80
NASDAQ Comp:	15,628.59 (1.13%)	AAll Bulls/Bears:	49.1% / 24.2%
Russell 2000:	1,962.73 (-0.77%)		

The S&P 500 closed last week at all-time highs. Equity market headlines were littered with large U.S. names announcing quarterly results. **Microsoft Corp.** announced quarterly results with earnings besting estimates by 5% and revenue by 1%. Despite the beats there are some worries on their cloud business growth, but management assured the street Azure growth remained stable, all told shares rallied 1.8% last week. Also newsworthy was that Microsoft and OpenAI have been leading the next round of funding for robotics start up Figure AI. Google.com's parent **Alphabet Inc.** announced their quarterly results as well. The search giant had a slight miss on ad revenue which weighed on shares and returned -6.4% last week. Management's focus on AI helped mitigate some of the ad revenue miss, but the quarterly results disappointed investors. **Apple Inc.** announced quarterly results that also were not well received by investors. The hardware giant continues its struggle in China, where revenues were \$20.8b for 4Q falling below \$23.5b expectations. Also missing expectations were wearable's, iPads and Mac's revenues. Top line revenue still bested expectations carried by iPhone revenues. Overall, their shares sank 3.4% last week as concerns from their China business and their overall iPhone refresh cycle remain an overhang for investors. Facebook and Instagram parent **Meta Inc.** had a blockbuster earnings announcement which added \$197b to its market cap after shares rallied 20.5% last week. Meta announced earnings and revenue well above analyst expectations and they announced next quarter guidance ahead of expectations as well. They announced a \$50b buyback and initiated a dividend of \$0.50 per share putting to bed any lingering apprehension on when, and how much, cash they planned to return shareholders. Looking ahead to next week, earnings season continues as 104 names in the S&P 500 are expected to report, including: Eli Lilly & Co., PepsiCo Inc., McDonald's Corp, Walt Disney Co., Amgen Inc. Caterpillar Inc., S&P Global Inc. and Uber Technologies Inc.

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