

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	5.380 (0.8 bps)	Bond Buyer 40 Yield:	4.31 (-5 bps)
6 Mo. T-Bill:	5.300 (1.3 bps)	Crude Oil Futures:	79.51 (1.28)
1 Yr. T-Bill:	4.925 (-1.4 bps)	Gold Spot:	2,166.60 (113.8)
2 Yr. T-Note:	4.474 (-5.8 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.247 (-7.7 bps)	U.S. High Yield:	7.85 (-13 bps)
5 Yr. T-Note:	4.047 (-11.1 bps)	BB:	6.70 (-14 bps)
10 Yr. T-Note:	4.075 (-10.5 bps)	B:	7.98 (-12 bps)
30 Yr. T-Bond:	4.253 (-7.5 bps)		

Treasury yields fell last week following a busy week of economic reports and awaited jobs report data. Yields fell on Tuesday after service sector data for February showed cooling inflationary pressures. The ISM Non-Manufacturing index declined to 52.6 for the month of February, falling short of consensus expectations of 53. Major measures of activity were mixed, with new orders and business activity increasing but employment activity decreasing. On Wednesday, Trade deficit in goods and services for January came in at \$67.4 billion, larger than the consensus expected \$63.5 billion. Compared to a year ago, the monthly trade deficit is \$2.9 billion smaller but after adjusting for inflation the "real" trade deficit is \$0.9 billion larger than a year ago. Initial jobless claims for the week came in line with expectations at 217k, remaining relatively steady and low by historical standards. Yields remained low Friday morning but bounced back from their session lows after jobs report data was released. Nonfarm payrolls increased 275k in February, beating the consensus expected 200k. However, after downward revisions to December and January reduced payrolls by 167k, bringing the net gain to a moderate number of 19k. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: February CPI MoM (0.4%, 0.3%), February CPI YoY (3.1, 3.1%); Wednesday: March 8<sup>th</sup> MBA Mortgage Applications (N/A, 9.7%); Thursday: February Retail Sales Advance MoM (0.8%, -0.8%), February PPI Final Demand MoM (0.3%, 0.3%), March 9<sup>th</sup> Initial Jobless Claims (218k, 217k), March 2<sup>nd</sup> Continuing Claims (1905k, 1906k); Friday: March Empire Manufacturing (-7.0, -2.4), February Industrial Production MoM (0.0%, -0.01%), March Preliminary University of Michigan Report (77.3, 76.9).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow®	38,722.69 (-0.85%)	Strong Sectors:	Utilities, Materials, Real Estate
S&P 500®	5,123.69 (-0.23%)	Weak Sectors:	Consumer Discretionary, Info Tech, Comm. Services
S&P MidCap 400®	2,952.39 (1.48%)		
S&P SmallCap 600®	1,310.75 (0.00%)		
Nasdaq Composite®	16,085.11 (-1.15%)	NYSE Advance/Decline:	1,796 / 1,139
Russell 2000®	2,082.71 (0.34%)	NYSE New Highs/New Lows:	560 / 78
		AAll Bulls/Bears:	51.7% / 21.8%

The stock market mostly climbed last week, with the S&P 500 reaching a record high before a pullback and ending the week down -0.23%. A mixed jobs report fueled investor caution, leading the Nasdaq 100 to drop 1.5% on Friday. The dominance of the "Magnificent 7" stocks, responsible for over 20% of the market's 35% gain since 2022, is facing scrutiny. Investor wariness of extended gains was evident in Friday's selloff as tech bellwethers Apple and Broadcom, saw their stocks decline. Broadcom reported disappointing semiconductor revenue, while Apple faced lower-than-expected iPhone sales in China and news of its shuttered car division. The hope for an Apple autonomous car cost the company over \$10 billion dollars over the life of the project. Another sign of investors' shifting risk profile, Utilities were the top performing sector in the S&P 500 with over a 3% return last week. Consumer Discretionary and Tech were the lagging sectors in the index as **Tesla** dropped over 13%. Pockets of value still exist in the fragmented market. Big box retailer **Target** rose over 9% after the company outlined a turnaround plan that includes store upgrades, a new paid membership program, and an expansion of its private label brands. These moves echo the moves of Walmart and Amazon's longstanding Prime membership program. Corporate news aside, plenty of political rhetoric will be spewed leading into the November elections. After a Super Tuesday that saw Nikki Haley drop out of the contest, President Biden delivered a fiery State of the Union address that took aim at many of the issues voters will consider at the polls this fall. Looking ahead to next week, the market attention moves to key reports on CPI, retail sales, consumer sentiment, and more jobs data.

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