

Open-End Net Fund Flows (\$)	1/21	12/20	YTD (Jan)
Equity	-72.26B	-77.44B	-72.26B
Taxable Bond	61.86B	51.86B	61.86B
Municipal Bond	12.39B	9.51B	12.39B
Hybrid	-3.86B	-4.23B	-3.86B
Taxable Money Market	-5.50B	-7.17B	-5.50B

Key Interest Rates	2/26/21	12/31/20	2/28/20
Federal Funds Target Rate	0.25%	0.25%	1.75%
ICE LIBOR (3-Month)	0.19%	0.24%	1.46%
2-Year T-Note	0.13%	0.12%	0.92%
10-Year T-Note	1.41%	0.92%	1.15%
Bond Buyer 40	3.55%	3.46%	3.38%

Commodities/U.S. Dollar	2/21	YTD	12 Mo.
U.S. Dollar Index (DXY)	0.33%	1.05%	-7.39%
Refinitiv/CC CRB Excess Ret.	9.32%	13.49%	19.43%
Crude Oil/WTI (per Barrel)	17.82%	26.75%	37.40%
Natural Gas (per million BTUs)	8.20%	9.06%	64.88%
Gold Bullion (Ounce)	-6.41%	-8.78%	10.35%

Total Return Performance

U.S. Stock Indices	2/21	YTD	12 Mo.
S&P 500	2.76%	1.71%	31.27%
DJIA	3.43%	1.41%	24.41%
NASDAQ 100	-0.04%	0.28%	53.83%
S&P MidCap 400	6.80%	8.41%	39.77%
Russell 2000	6.23%	11.58%	50.97%
Russell 3000	3.12%	2.66%	35.31%

U.S. Styles/Market Caps	2/21	YTD	12 Mo.
S&P 500 Growth	0.00%	-0.52%	39.83%
S&P 500 Value	5.92%	4.24%	19.91%
S&P MidCap 400 Growth	4.10%	6.03%	43.92%
S&P MidCap 400 Value	9.54%	10.80%	34.15%
Russell 2000 Growth	3.30%	8.28%	58.86%
Russell 2000 Value	9.39%	15.15%	41.03%

Foreign Stock Indices (USD)	2/21	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	2.55%	1.45%	22.15%
MSCI Emerging Markets NET	0.76%	3.85%	36.05%
MSCI Europe NET	2.44%	0.96%	20.30%
MSCI BRIC NET	-0.31%	3.51%	31.87%
MSCI EM Latin America NET	-2.99%	-9.51%	-6.03%
Nikkei 225	2.84%	2.23%	41.61%

Bloomberg Barclays Bond Ind.	2/21	YTD	12 Mo.
U.S. Treasury: Intermediate	-0.84%	-1.08%	1.48%
GNMA 30 Year	-0.57%	-0.75%	1.50%
Municipal Bond (22+)	-2.41%	-1.45%	0.07%
U.S. Aggregate	-1.44%	-2.15%	1.38%
Intermediate Corporate	-0.81%	-1.19%	3.65%
U.S. Corporate High Yield	0.37%	0.70%	9.38%
Global Aggregate	-1.72%	-2.59%	4.33%
EM Hard Currency Aggregate	-1.35%	-2.16%	3.83%

Sources: Bloomberg, Bloomberg Barclays, Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.

Climate

One's perception of the U.S. economy may vary depending on which side of the fence one stands. There certainly does appear to be a disparity between what big business is seeing versus the average American. The Conference Board's Measure of CEO Confidence rose to a 17-year high in Q1'21, according to Fox Business. The measure currently stands at 73. A reading above 50 points reflects more positive than negative responses from CEOs. The January survey revealed that 82% of CEOs expect economic conditions to improve over the next six months, up from 63% in the September 2020 survey. Forty-five percent of CEOs expect to increase capital spending, up from 25% in the September 2020 survey. A recent survey by Money and Morning Consult, however, found that 68% of adults say they need another stimulus check from the government to get by, and 39% of those polled claimed they need the additional financial support "a lot," according to their own release. Overall, respondents said that the \$600 checks sent out this past December were not enough. Seventy-seven percent of adults say they need the checks to exceed \$1,000 and 36% say they need more than \$2,000 to make ends meet. President Joe Biden's American Rescue Plan is seeking \$1,400 payments. There is still a disconnect between Wall Street and Main Street. We hope to see it dissipate in the months ahead now that the rollout of the COVID-19 vaccines has accelerated.

Stock Market

The S&P 500 Index ("index") closed at 3,811.15 on 2/26/21, 3.14% below its all-time closing high of 3,934.83 on 2/12/21, according to Bloomberg. The index posted a total return of 2.76% in February. Seven of the 11 major sectors that comprise the index were up on a total return basis. The top-performer was Energy, up 22.66%, while the worst showing came from Utilities, down 6.08%. The S&P 500 Index posted a total return of 1.71% year-to-date through 2/26/21. Seven of the 11 major sectors were up on a total return basis. The top-performer was Energy, up 27.30%, while the worst showing came from Utilities, down 6.94%. While Energy has staged a strong rally so far in 2021, keep in mind the sector only carried a 2.8% weighting in the S&P 500 Index as of 2/26/21, according to S&P Dow Jones Indices. A Bloomberg survey of 21 equity strategists found that their average 2021 year-end price target for the S&P 500 Index was 4,099 as of 2/23/21, according to its own release. The highest and lowest estimates were 4,400 and 3,800, respectively. From 3/23/20 (end of the bear market) through 2/26/21, total U.S. equity market capitalization (cap) rose from \$24.23 trillion to \$44.30 trillion, or a gain of 82.83%, according to data from Bloomberg. Over the same period, total world equity market cap increased from \$61.86 trillion to \$106.68 trillion, or a gain of 72.45%. The U.S.'s share of total world equity market cap rose from 39.17% on 3/23/20 to 41.53% on 2/26/21. For comparative purposes, the U.S.'s share stood at 30.32% a decade ago (2/28/11), according to data from Bloomberg.

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) closed trading on 2/26/21 at 1.41%, up 34 basis points (bps) from its 1.07% close on 1/29/21, according to Bloomberg. The yield stood 72 bps below its 2.13% average for the 10-year period ended 2/26/21. Historically, sustained periods of rising bond yields are usually accompanied by rising interest rates and inflation, something we have not seen much of in the U.S. for more than a decade. We know that the Federal Reserve ("Fed") has been steadfast in letting investors know its desire to keep its federal funds benchmark lending rate at an artificially low level, even if it were to cause inflation to climb above its 2.00% target. While the yield on the 10-year T-note has spiked of late, inflation has yet to present itself as a threat. Peter Tchir at Academy Securities notes that the recent rise in the yield on the 10-year T-note does not reflect an actual rise in inflation, it reflects that investors are anticipating a rise in inflation, according to CNBC. Remember, the Fed has control over short-term interest rates. With the exception of the Fed's bond buying programs, the Fed usually has little influence on the intermediate and longer-end of the Treasury yield curve. Investors do.

Takeaway

Congress is on the cusp of injecting as much as \$1.9 trillion into the U.S. economy. The government has been aggressive with stimulus since the onset of the COVID-19 pandemic. It has been propping up the economy while it buys time for the vaccines to reach enough arms to help us achieve herd immunity. Now that a third, single-dose vaccine has received approval from the Food and Drug Administration, it may come sooner than expected.

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	3934.83	2/12/2021	1099.23	10/3/2011	3811.15	-3.14%	1.71%	1.52%
S&P 500 Growth	2713.21	2/12/2021	598.65	10/3/2011	2560.55	-5.63%	-0.52%	0.80%
S&P 500 Value	1358.78	2/24/2021	494.97	10/3/2011	1316.03	-3.15%	4.24%	2.30%
S&P MidCap 400	2577.70	2/24/2021	744.98	10/3/2011	2496.26	-3.16%	8.41%	1.33%
S&P MidCap 400 Growth	1299.78	2/12/2021	345.40	10/3/2011	1243.11	-4.36%	6.03%	0.80%
S&P MidCap 400 Value	793.19	2/24/2021	252.35	10/3/2011	765.49	-3.49%	10.80%	1.85%
S&P 100	1803.14	2/17/2021	500.09	10/3/2011	1731.42	-3.98%	0.91%	1.54%
DJIA	31961.86	2/24/2021	10655.30	10/3/2011	30932.37	-3.22%	1.41%	1.96%
NASDAQ 100	13807.70	2/12/2021	2038.22	8/19/2011	12909.44	-6.51%	0.28%	0.76%
Russell 2000	2299.00	2/9/2021	609.49	10/3/2011	2201.05	-4.26%	11.58%	1.01%
Russell 2000 Growth	1709.62	2/9/2021	350.15	10/3/2011	1575.23	-7.86%	8.28%	0.41%
Russell 2000 Value	2354.56	2/24/2021	804.33	10/3/2011	2266.79	-3.73%	15.15%	1.63%
Russell 3000	2387.37	2/12/2021	644.45	10/3/2011	2303.22	-3.52%	2.66%	1.42%
MSCI World Net (ex U.S.) (USD)	7278.50	2/16/2021	3369.63	10/4/2011	7012.91	-3.65%	1.45%	2.41%
MSCI Emerging Markets Net (USD)	699.23	2/17/2021	296.25	1/21/2016	648.19	-7.30%	3.85%	1.84%
Ibovespa/Brazil (USD)	43619.40	4/8/2011	9077.09	1/21/2016	19898.23	-54.38%	-13.12%	1.95%
RTS/Russia (USD)	2123.56	4/8/2011	628.41	1/20/2016	1411.93	-33.51%	1.89%	4.89%
S&P BSE 500/India (USD)	276.51	2/15/2021	95.89	9/3/2013	262.15	-5.19%	4.84%	1.02%
Shanghai Composite/China (USD)	832.07	6/12/2015	314.68	12/3/2012	542.08	-34.85%	1.88%	2.01%
KOSPI/South Korea (USD)	2.91	1/25/2021	1.16	3/19/2020	2.67	-8.20%	1.21%	1.81%
Hang Seng (USD)	4241.01	1/26/2018	2087.46	10/4/2011	3736.25	-11.90%	6.38%	2.27%
MSCI Euro (USD)	1544.35	1/26/2018	814.62	6/1/2012	1479.82	-4.18%	1.43%	2.17%
S&P 500 Consumer Discretionary	1391.36	2/8/2021	267.58	10/3/2011	1294.47	-6.96%	-0.53%	0.64%
S&P 500 Consumer Staples	698.69	11/16/2020	293.02	8/10/2011	649.39	-7.06%	-6.51%	3.02%
S&P 500 Energy	737.09	6/23/2014	179.94	3/18/2020	360.19	-51.13%	27.30%	4.62%
S&P 500 Utilities	359.13	2/18/2020	152.93	8/8/2011	295.35	-17.76%	-6.94%	3.72%
S&P 500 Financials	556.51	2/24/2021	151.85	10/3/2011	535.64	-3.75%	9.54%	1.92%
S&P 500 Banks	383.68	2/24/2021	105.73	8/22/2011	365.20	-4.82%	16.06%	2.52%
FTSE NAREIT All Equity REITs	835.20	2/14/2020	371.48	10/3/2011	731.15	-12.46%	2.65%	3.40%
S&P 500 Health Care	1381.65	1/20/2021	346.38	8/10/2011	1311.27	-5.09%	-0.72%	1.62%
S&P 500 Pharmaceuticals	824.82	1/26/2021	282.86	8/10/2011	767.01	-7.01%	-1.22%	2.70%
NYSE Arca Biotechnology	6319.77	2/8/2021	1001.60	11/25/2011	5744.01	-9.11%	0.11%	0.29%
S&P 500 Information Technology	2434.51	2/12/2021	357.71	8/19/2011	2293.40	-5.80%	0.28%	0.94%
Philadelphia Semiconductor	3238.92	2/16/2021	326.32	8/19/2011	3067.63	-5.29%	9.90%	1.15%
S&P 500 Telecom Services	239.70	2/17/2021	115.22	8/8/2011	232.08	-3.18%	4.81%	0.91%
S&P 500 Industrials	787.82	2/24/2021	245.04	10/3/2011	764.55	-2.95%	2.29%	1.55%
S&P 500 Materials	488.08	1/12/2021	179.78	10/3/2011	461.11	-5.53%	1.39%	1.80%
Philadelphia Gold & Silver	228.95	4/8/2011	38.84	1/19/2016	130.79	-42.87%	-9.23%	0.86%
Refinitiv/CC CRB Excess Return	370.56	4/29/2011	106.29	4/21/2020	190.43	-48.61%	13.49%	N/A
ICE BofA Perpetual Preferred	308.97	12/31/2020	146.25	8/8/2011	301.80	-2.32%	-2.32%	4.28%
ICE BofA U.S. High Yield Constrained	502.41	2/15/2021	250.64	10/4/2011	498.70	-0.74%	0.67%	4.86%

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.