

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.26 (unch.)	GNMA (30 Yr) 6% Coupon:	112-04/32 (2.27%)
6 Mo. T-Bill:	1.44 (+03 bps)	Duration:	3.99 years
1 Yr. T-Bill:	1.59 (+01 bps)	Bond Buyer 40 Yield:	3.97 (+03 bps)
2 Yr. T-Note:	1.74 (+02 bps)	Crude Oil Futures:	58.95 (+2.40)
3 Yr. T-Note:	1.85 (+02 bps)	Gold Spot:	1,288.37 (-4.05)
5 Yr. T-Note:	2.06 (+01 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.34 (unch.)	U.S. High Yield:	6.15 (-06 bps)
30 Yr. T-Bond:	2.76 (-02 bps)	BB:	4.63 (-06 bps)
		B:	6.20 (-09 bps)

Treasury prices were mixed over the holiday-shortened week with short term treasury prices falling and long term treasury prices rising slightly. On Monday, the White House showed it would support dropping the Obamacare repeal in the Senate tax legislation, which caused Treasuries to fall on increased optimism the legislation would pass. Short-term Treasury prices fell again Tuesday as existing home sales rose 2%, which could signal more inflation, but long-term Treasury prices rose as large money managers and pension funds continue to buy extended maturities due to tax implications of the possibility of the legislation passing. Treasury prices then rose moderately on Wednesday after the minutes from the Federal Reserve meeting were pessimistic about the outlook for rate increases in 2018 on low inflation concerns. However, the market implied probability of a rate hike in December remained above 90%. Treasury prices then pulled back slightly on Friday with strong economic data from Germany showing that the Eurozone may be growing at a faster pace. Oil was up 4% on a pipeline outage. Major economic reports (related consensus forecasts; prior data) for the upcoming week include Monday: October New Home Sales (625k, 667k); Tuesday: October Prelim. Wholesale Inventories (0.3%, 0.4% MoM), November Conf. Board Consumer Confidence (123.8, 125.9); Wednesday: November 24 MBA Mortgage Applications (0.1%), 3Q Second GDP Annualized (3.2%, 3.0%); Thursday: November 25 Initial Jobless Claims (240k, 239k); October Person Income (0.3%, 0.4%), October Personal Spending (0.3%, 1.0%), November Chicago Purchasing Manager (62.3); Friday: November ISM Manufacturing (58.3, 58.7); Friday: October Construction Spending (0.5%, 0.3% MoM).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	23,557.99 (+0.89%)	Strong Sectors:	Telecom, InfoTech, Industrials
S&P 500:	2,602.42 (+0.93%)	Weak Sectors:	Consumer Staples, Utilities, Financials
S&P Midcap:	1,859.19 (+1.03%)	NYSE Advance/Decline:	2,138 / 925
S&P Smallcap:	927.25 (+2.03%)	NYSE New Highs/New Lows:	369 / 102
NASDAQ Comp:	6,889.16 (+1.58%)	AAII Bulls/Bears:	35.5% / 29.0%
Russell 2000:	1,519.16 (+1.77%)		

Equities moved higher during the holiday-shortened week, led by contributions from the technology and industrial sectors. In economic news, housing starts rebounded in October to the highest level in a year, partially reflecting rebuilding efforts due to the hurricanes in Florida and Texas. U.S. durable goods orders, which tend to be volatile, fell unexpectedly in October. In stock news, **Deere & Co.** beat on both the top and bottom lines and forecasted a 22% improvement in farm and construction equipment sales for fiscal year 2018. Many large industrial names also rallied on the positive news from the farming bellwether. Despite a strong quarterly report, **Salesforce.com Inc.** traded down on lower-than-expected billings growth for next quarter. **Hewlett-Packard Enterprise** shares declined after Meg Whitman announced she will be stepping down early next year. Shares of **Campbell Soup Co.** lost ground following a cut in guidance and missing earnings in the current quarter due to a continuing dispute with **Wal-Mart Stores Inc.** and a decline in consumer demand for soup. In merger news, **Marvell Technology Group Ltd.** announced it will acquire **Cavium Inc.** for cash and stock. Both stocks jumped on the news. Looking ahead to next week, retail revenue from Black Friday and Cyber Monday will provide a harbinger for consumer demand during the holidays. Also next week, the confirmation hearing for Jerome Powell as Federal Reserve Chair begins. Looking further out, the third quarter earnings season was one of the best quarters for corporate profits in recent history, despite headwinds from insurance losses. If earnings continue to improve for businesses, equities could continue to grind higher.

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