

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.26 (unch.)	GNMA (30 Yr) 6% Coupon:	112-15/32 (2.18%)
6 Mo. T-Bill:	1.44 (unch.)	Duration:	4.00 years
1 Yr. T-Bill:	1.61 (+02 bps)	Bond Buyer 40 Yield:	3.94 (-03 bps)
2 Yr. T-Note:	1.77 (+03 bps)	Crude Oil Futures:	58.36 (-0.59)
3 Yr. T-Note:	1.88 (+04 bps)	Gold Spot:	1,278.80 (-8.50)
5 Yr. T-Note:	2.11 (+05 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.36 (+02 bps)	U.S. High Yield:	6.17 (+02 bps)
30 Yr. T-Bond:	2.76 (-02 bps)	BB:	4.64 (+01 bps)
		B:	6.32 (+12 bps)

Further progress on tax reform and the guilty plea of Michael Flynn resulted in a volatile end to last week with the S&P 500 having a Friday intraday decline of 1.5% before climbing back to close only modestly lower. Yields ended generally higher in spite of the volatility and increased political risk. After a quiet period the debt ceiling is once again impacting market news as the U.S. government could face the need for a partial shutdown as early as December 8th if Congress does not raise the limit before then. Last Monday saw the release of October's new single-family home sales numbers and they surprised to the upside. Not only were sales above consensus expectations but the supply of new homes also fell to just 4.9 months. Sales were up 18.7% year-over-year. On Wednesday, Real GDP was revised up to a 3.3% annual growth rate for the third quarter on the upward revisions of business investment, inventories and government spending. Following this, on Thursday, personal income was found to have risen .4% in October and consumption increased .3%. The PCE U.S. Consumption Expenditure Core Price Index was 1.4% for October, up .2% from the prior month. The Federal Reserve targets a 2% inflation rate. Major economic reports (related consensus forecasts; prior data) for the upcoming week include Monday: October Factory Orders (-.4%, 1.4%) and Durable Goods Orders (-1%, -1.2%); Tuesday: October United States Trade Balance (\$-47.3B, \$-43.5B); Wednesday: Prior week MBA Mortgage Applications and the November ADP employment change (190K, 235K); Thursday: Prior week Initial Jobless Claims (240k, 238k); Friday: November change in nonfarm payrolls (199K, 261K), the November unemployment rate (4.1%, unch.), October MoM wholesale inventories (.1%, -.4%) and the preliminary University of Michigan Sentiment Index (99, 98.5)

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	24,231.59 (3.00%)	Strong Sectors:	Telecommunication Services, Financials, Industrials
S&P 500:	2,642.22 (1.60%)	Weak Sectors:	Information Technology, Real Estate, Materials
S&P Midcap:	1,894.58 (1.96%)	NYSE Advance/Decline:	1,687 / 1,383
S&P Smallcap:	937.31 (1.13%)	NYSE New Highs/New Lows:	547 / 151
NASDAQ Comp:	6,847.59 (-0.58%)	AAll Bulls/Bears:	35.9% / 31.6%
Russell 2000:	1,537.02 (1.21%)		

After another strong month and a new high to close out November, the S&P 500 is up over 20% for the year. Volatility on the political front continues to drive the news cycle as each day brings a new headline. Friday's dip was attributed to the Federal probe into President Trump's Russia dealings. Michael Flynn pleaded guilty to lying to federal agents which sent a shockwave through the market during early trading on Friday. Equities bounced back later in the day as Senate Republicans appeared to move closer to passable tax bill. The pressure was on to pass the bill as Republicans seek to salvage their image after a failed bid to repeal Obamacare. The Senate passed their version of the bill just before 2 a.m. Saturday morning. Members of the House and Senate will begin work on Monday to deliver a final bill to the President's desk by Christmas. Telecommunication Services, led by **Verizon Communications**, was the best performing sector in the S&P 500 returning 6.71% for the week. Verizon is looking to cut the cable companies out of the internet service provider business by offering its upcoming 5G service to select cities late next year. A rebound for some traditional Consumer Discretionary names led by **L Brands**, **Macy's**, and **Nordstrom** is giving some hope to malls as the consumer appears to be strong going into the holiday season. Looking ahead to next week, investors will be keyed in to the payroll and jobs numbers coming later in the week. Growth in the labor market as well as factory orders and durable goods will drive investor sentiment through the end of the year.

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