

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.03 (-04 bps)	GNMA (30 Yr) 6% Coupon:	112-11/32 (2.03%)
6 Mo. T-Bill:	1.13 (unch.)	Duration:	4.04 years
1 Yr. T-Bill:	1.20 (-02 bps)	Bond Buyer 40 Yield:	4.00 (-01 bps)
2 Yr. T-Note:	1.29 (-06 bps)	Crude Oil Futures:	48.82 (-0.52)
3 Yr. T-Note:	1.45 (-06 bps)	Gold Spot:	1,289.31 (+30.43)
5 Yr. T-Note:	1.74 (-07 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.19 (-07 bps)	U.S. High Yield:	6.19 (+19 bps)
30 Yr. T-Bond:	2.79 (-06 bps)	BB:	4.69 (+15 bps)
		B:	6.25 (+19 bps)

Treasury prices rose as geopolitical concerns increased overall demand for safe haven assets. Friday's July Consumer Price Index information came in under expectations as energy prices were low and the weak CPI data further contributed to weakness in longer-dated yields. The geopolitical concerns and weak CPI data combined to flatten the yield curve and, in spite of last week being one of the busiest weeks of earnings reports for major American corporations, the tense words between the US and North Korea disrupted what had been a very calm summer in equity markets. Oil was unable to get above \$50/bbl for the first time since May of 2017 and has traded in a range between \$40-\$56 per bbl since August of 2016. Weakness in oil prices was attributed to compliance among OPEC members falling to 75% in July and persistently high inventory levels. Although the International Energy Agency is estimating inventories falling in the forthcoming fourth quarter, last week they revised their estimated draw to be less than previously expected. Last week's economic news was light in the extreme but major economic reports (related consensus forecasts; prior data) for the upcoming week include: Tuesday: August Empire Manufacturing and July Retail Sales (.4%, +.6%); Wednesday: Prior week MBA Mortgage Applications and July Housing Starts (1,225K, +10K); Thursday: prior week Initial Jobless Claims, July Industrial Production (.3%, +.1% and the July Leading Index (.3%, -.3%); Friday: August preliminary University of Michigan Sentiment (94, +.6).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	21,858.32 (-0.91%)	Strong Sectors:	Consumer Staples, Utilities, Info Tech
S&P 500:	2,441.32 (-1.36%)	Weak Sectors:	Energy, Financials, Materials
S&P Midcap:	1,711.05 (-2.27%)		
S&P Smallcap:	831.01 (-2.73%)		
NASDAQ Comp:	6,256.56 (-1.44%)	NYSE Advance/Decline:	561 / 2,527
Russell 2000:	1,374.23 (-2.66%)	NYSE New Highs/New Lows:	259 / 231
		AAII Bulls/Bears:	33.7% / 32.3%

Increased geopolitical tensions rattled stocks around the globe, sending the S&P 500 to its worst weekly performance since March. The Dow Jones Industrial Average lost 234 points for the week after President Donald Trump said the U.S. would respond to any further threats from North Korea "with fire and fury like the world has never seen." In addition to a decrease in risk tolerance by investors, there were a number of disappointing earnings results that added to this week's sell-off. Shares of **Walt Disney Co.** lost over 5% for the week after cable networks continued to disappoint the street as subscriber loss was greater-than-expected. In a defensive move, the entertainment company also announced the end of their partnership with **Netflix Inc.** as it looks for new ways to distribute its content outside of traditional paid television. Despite beating earnings by a wide margin, **Priceline Group Inc.** fell on disappointing guidance due to increased marketing spend to attract customers and below consensus room night growth. Both **Macy's Inc.**, and **Kohl's Corp.** reported declining sales in the second quarter as fundamentals continue to deteriorate for traditional department stores. While this week's earnings were less than stellar, S&P 500 earnings are on pace to increase by over 10% for the second quarter with 91% of companies reporting. Looking ahead, tensions with North Korea will remain in the forefront of investors' minds. However, fundamentals are likely to drive returns long term.

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