

| US Economy and Credit Markets | | | |
|-------------------------------|----------------|-----------------------------------|-------------------|
| Yields and Weekly Changes: | | | |
| 3 Mo. T-Bill: | 1.00 (unch) | GNMA (30 Yr) 6% Coupon: | 113-03/32 (1.92%) |
| 6 Mo. T-Bill: | 1.08 (-02 bps) | Duration: | 3.96 years |
| 1 Yr. T-Bill: | 1.22 (unch) | Bond Buyer 40 Yield: | 3.99 (-01 bps) |
| 2 Yr. T-Note: | 1.34 (+01 bps) | Crude Oil Futures: | 47.29 (-0.58) |
| 3 Yr. T-Note: | 1.46 (unch) | Gold Spot: | 1,325.23 (+33.88) |
| 5 Yr. T-Note: | 1.74 (-02 bps) | Merrill Lynch High Yield Indices: | |
| 10 Yr. T-Note: | 2.17 (unch.) | U.S. High Yield: | 6.09 (-02 bps) |
| 30 Yr. T-Bond: | 2.78 (+03 bps) | BB: | 4.58 (-03 bps) |
| | | B: | 6.18 (-01 bps) |

Treasury prices were mixed and mostly flat over the course of the week as geopolitical tensions rose and economic data was both optimistic and pessimistic. North Korea tested a missile that flew over Japanese airspace on Tuesday, which caused investors to seek the perceived safety of Treasuries. However, these fears subsided with no additional geopolitical events the rest of the week and the international community saying that any action against North Korea would be taken through the United Nations. In economic reports, 2nd Quarter GDP was revised up to 3.0% from 2.6% and ISM manufacturing rose 58.8% from 56.3%, putting downward pressure on Treasury prices. However, these losses were mitigated by a soft inflation reading that gave more support to doubts that the Federal Reserve could raise rates this year, and by a jobs report that missed expectations. Hurricane Harvey left a lot of damage in southeastern Texas as oil refineries on the coast were forced to close and estimates of total cost of the damages were \$190 billion. President Trump also reiterated his desire to cut the corporate tax rate from 35% to 15%, along with other taxes, as Congress is expected to take up this policy debate soon. Gold rose 3% to its highest level since October 2016. The market implied probability of a rate hike at both the September and November meetings moved close to 0%. Major economic reports (related consensus forecasts; prior data) for the upcoming holiday-shortened week include: Tuesday: July Factory Orders (-3.2%, 3.0%), July Final Durable Goods Orders (1.0%, -6.8%); Wednesday: Sept 1 MBA Mortgage Applications (-2.3%), July Trade Balance (-\$44.6b, -\$43.6b); Thursday: Sept 2 Initial Jobless Claims (244k, 236k), July Final Wholesale Inventories (0.4%, 0.4%).

| US Equities | | | |
|---------------------------|-------------------|--------------------------|-------------------------------|
| Weekly Index Performance: | | Market Indicators: | |
| DJIA: | 21,987.56 (0.88%) | Strong Sectors: | Health Care, Information Tech |
| S&P 500: | 2,476.55 (1.43%) | | Materials |
| S&P Midcap: | 1,737.79 (1.73%) | Weak Sectors: | Telecomm, Utilities, |
| S&P Smallcap: | 847.05 (2.34%) | | Financials |
| NASDAQ Comp: | 6,435.33 (2.73%) | NYSE Advance/Decline: | 2,210 / 867 |
| Russell 2000: | 1,413.57 (2.66%) | NYSE New Highs/New Lows: | 285 / 115 |
| | | AAII Bulls/Bears: | 25.0% / 39.9% |

As August rolled into September the equity markets kept climbing. The S&P 500 returned 1.43% last week and is up over 12% since the beginning of the year. Materials stocks rose last week as investors looked to companies on the receiving end of the repair and rebuilding efforts in the aftermath of hurricane Harvey. Energy stocks dipped lower at the beginning of the week, but after a mid-week rally, closed higher by 0.85%. **Andevor** (previously known as Tesoro), a refining company, was the best performing company in the S&P 500 Energy index as its capacity is near major shale producing regions and not on the Gulf Coast. Health Care stocks led by biotechnology companies **Gilead** and **Incyte Corp** led the sector to the top performing group in the S&P 500 last week. **Gilead** finally found a target to acquire in **Kite Pharma Inc** after investors have been pushing management to make a deal. **Incyte** was a mover in a more traditional biotech manner as the company reported positive result data for a skin cancer treatment. Cracks in the traditionally trusty consumer staples stocks have formed in those with the most recognizable brands. **Campbell Soup Co.**, **Kellogg Co.**, **General Mills**, and **Kraft Heinz** all lagged their peers. This comes as **Amazon Inc.** puts its stamp on the grocery business with its price lowering strategy at newly acquired **Whole Foods**. Looking ahead, a President Trump proposed tax overhaul is being pushed towards Capitol Hill. A lower corporate tax rate was a large factor in the "Trump Bump" of late 2016, but the hope for a deal quickly faded. This deal, if passed, would be a boon for smaller companies as the weakening dollar has favored export oriented large cap names.

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 and the Internal Revenue Code. First Trust has no knowledge of and has not been provided any information regarding any investor. Financial advisors must determine whether particular investments are appropriate for their clients. First Trust believes the financial advisor is a fiduciary, is capable of evaluating investment risks independently and is responsible for exercising independent judgment with respect to its retirement plan clients.