

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.661 (-2.6 bps)	GNMA (30 Yr) 6% Coupon:	111-01/32 (2.55%)
6 Mo. T-Bill:	1.655 (1.5 bps)	Duration:	3.79 years
1 Yr. T-Bill:	1.636 (5.6 bps)	Bond Buyer 40 Yield:	3.58 (3 bps)
2 Yr. T-Note:	1.591 (18.8 bps)	Crude Oil Futures:	54.70 (1.89)
3 Yr. T-Note:	1.565 (20.7 bps)	Gold Spot:	1,489.01 (-15.65)
5 Yr. T-Note:	1.554 (20.7 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.729 (20.0 bps)	U.S. High Yield:	6.41 (-5 bps)
30 Yr. T-Bond:	2.194 (17.9 bps)	BB:	4.67 (-4 bps)
		B:	6.68 (-6 bps)

U.S. government bond yields rose last week following a breakthrough in the trade war between the U.S. and China. Yields jumped on Friday after President Donald Trump said the U.S. reached a “substantial phase one deal” with China, deescalating the trade war between the two countries. Additionally, Treasury Secretary Steven Mnuchin announced that the U.S. would forgo new tariffs on imports of Chinese goods scheduled to take effect this week. In economic data, the Producer Price Index unexpectedly declined 0.3% in September over the prior month, the Labor Department announced on Tuesday, while rising 1.4% over last year. Consumer prices also came in below expectations, as the Consumer Price Index was unchanged in September over the prior month. The inflation data did not deter expectations that the Fed will cut interest rates at the end of October. Meanwhile, the University of Michigan Consumer Sentiment Index came in above estimates on higher real income expectations, as the consumer remained a bright spot in the U.S. economy. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: October Empire Manufacturing (1.0, 2.0); Wednesday: October 11 MBA Mortgage Applications (N/A, 5.2%), September Retail Sales Advance MoM (0.3%, 0.4%); Thursday: October 12 Initial Jobless Claims (215k, 210k), September Housing Starts (1,318k, 1,364k), September Industrial Production MoM (-0.2%, 0.6%); Friday: September Leading Index (0.1%, 0.0%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	26,816.59 (0.93%)	Strong Sectors:	Materials, Industrials, Information Technology
S&P 500:	2,970.27 (0.66%)	Weak Sectors:	Utilities, Consumer Staples
S&P Midcap:	1,916.57 (0.70%)		Real Estate
S&P Smallcap:	935.60 (0.59%)	NYSE Advance/Decline:	1,706 / 1,337
NASDAQ Comp:	8,057.04 (0.94%)	NYSE New Highs/New Lows:	231 / 147
Russell 2000:	1,511.90 (0.77%)	AAll Bulls/Bears:	20.3% / 44.0%

After three weeks of declines beginning in mid-September, the S&P 500 Index gained 66 basis points last week. Concerns over the United States and China trade talks moved equities lower early in the week as the index declined almost 2.00% through Tuesday. However, equities began to trend up by Wednesday as optimism set in after reports that China would consider a limited trade deal if no additional tariffs were inflicted by the United States. The index climbed 2.71% the last three days of the week on continued positive news and reports that a partial agreement had been reached on Friday. Crude oil jumped this week after a missile attack on an Iranian oil tanker which raised concerns that tension in the Middle East could cause disruption in global supply. Crude oil showed a 3.58% increase and closed at \$54.70 per barrel. University of Michigan Consumer Sentiment Index came in higher than expected on Friday, reporting a three-month high. U.S. initial jobless claims of 210K were lower than the consensus estimate of 220K and the previous week's claims of 219K. **Fastenal Company**, a retailer and wholesaler of industrial and construction supplies, was the best performing stock in the S&P 500 Index last week returning 14.35%. The stock jumped 17.15% on Friday after releasing positive third quarter earnings results. **Apple Inc.** returned 4.05% last week, hitting an all-time closing high of \$236.21 and becoming the most valuable U.S. company over Microsoft. The stock has outperformed in 2019 with a 51.55% year-to-date return and has produced a 20-year average annual return of over 26% through last Friday. **Devon Energy Corp.**, an independent oil and gas exploration and production company, was the worst performing stock in the S&P 500 Index last week declining 5.93%. In the last week the stock has seen its price target lowered by several analysts. The stock has declined 39.10% from its 2019 high on April 22. Earnings announcements expected this week include **JP Morgan Chase & Company**, **Johnson & Johnson**, **Bank of America Corp**, **The Coca-Cola Company**, **Wells Fargo & Company**, **UnitedHealth Group Inc.**, **Citigroup Inc.**, **Morgan Stanley**, **Abbott Laboratories**, **Netflix Inc.** and many others.

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