

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.656 (-0.5 bps)	GNMA (30 Yr) 6% Coupon:	110-31/32 (2.56%)
6 Mo. T-Bill:	1.619 (-3.6 bps)	Duration:	3.78 years
1 Yr. T-Bill:	1.565 (-7.1 bps)	Bond Buyer 40 Yield:	3.61 (+03 bps)
2 Yr. T-Note:	1.574 (-1.8 bps)	Crude Oil Futures:	53.78 (-0.92)
3 Yr. T-Note:	1.555 (1.0 bps)	Gold Spot:	1,490.05 (1.04)
5 Yr. T-Note:	1.568 (1.3 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.754 (2.5 bps)	U.S. High Yield:	6.33 (-08 bps)
30 Yr. T-Bond:	2.249 (5.5 bps)	BB:	4.61 (-06 bps)
		B:	6.61 (-07 bps)

The short end of the yield curve declined last week as futures increasingly price in expectations for a rate cut at the next Federal Reserve meeting and the U.S. and China reached a near term cease-fire concerning further tariffs. Also helping investor sentiment, which reduced demand for safe-assets, was an EU and U.K. agreement which will go to Parliament for a vote. Richard Clarida, Federal Reserve Vice Chairman, spoke on Friday just prior to the quiet period the Federal Reserve observes before its upcoming meeting. He discussed the strength of the US economy noting a favorable outlook but with evident risks. He observed that the U.S. consumer is in good shape but took a more negative view of the global economy seeing disinflationary pressures on U.S. inflation conditions as global growth estimates continue to be negative. Last Wednesday, domestic retail sales fell in September for the first time in seven months. On Thursday, both domestic industrial production and housing starts were recorded as falling in September. GM had a strike but nearly all major manufacturing categories showed declines. Altogether, the reports are seen increasing the probability the Federal Reserve will move to loosen monetary conditions next week. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Tuesday: September Existing Home Sales (5.45M, 5.49M); Wednesday: Prior week MBA Mortgage Applications (N/A, 0.5%), prior week Initial Jobless Claims (215K, 214K), October preliminary Markit US Manufacturing PMI (50.7, 51.1) and September New Home Sales (703K, 713K); Friday: October final University of Michigan Sentiment (96.0, unch.)

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	26,770.20 (-0.13%)	Strong Sectors:	Health Care, Real Estate, Financials
S&P 500:	2,986.20 (0.55%)	Weak Sectors:	Cons. Staples, Utilities, Energy
S&P Midcap:	1,936.76 (1.06%)	NYSE Advance/Decline:	1,314 / 1,596
S&P Smallcap:	950.37 (1.59%)	NYSE New Highs/New Lows:	74 / 47
NASDAQ Comp:	8,089.54 (0.40%)	AAll Bulls/Bears:	33.6% / 31.1%
Russell 2000:	1,535.48 (1.57%)		

Equities traded slightly higher last week. The markets were buoyed by some positive news on U.S.-China trade after President Trump touted a short-term deal mainly tied to Chinese agriculture purchases. China characterized the agreement as progress but fell short of announcing it as a trade deal. Saudi Arabia announced they are near full oil capacity after the Iranian attack back on September 16th when WTI oil prices jumped to \$62 though it has now fallen below \$54. Earnings season started after 51 companies in the S&P 500 announced quarterly results last week. Banks were the headliners as **JPMorgan Chase & Co.**, **CitiGroup Inc.**, **Wells Fargo & Co.** and **Bank Of America Corp.** all announced results. Bank of America led the four mega cap banks with a 5% return last week after reiterating net interest income growth of 1% during 2019, along with strong mobile banking user growth and quarterly revenues of \$91.2b. JPMorgan also posted a strong 3.8% return last week after posting a 10% earnings surprise on top of a 3.3% revenue surprise from sell side analysts estimates. Meanwhile, Wells Fargo returned 1.5% and Citi returned -0.5% as their results were more muted than their mega bank rivals. **UnitedHealth Inc.** surged 10.5% last week after reporting medical loss ratio in line with expectations, while quoting medical costs remain controlled and toward the lower end of their guidance. **Workday** returned -14.4% after announcing their human capital management offerings face increasing competitive headwinds. **Boeing** returned -8.2% last week after they delivered more documents to the U.S. Federal Government over their 737 Maxx safety issues, the airplane manufacturer is due to announce earnings next week where more clarity is expected. Looking ahead to next week, earnings season is in full tilt as 129 names in the S&P 500 are scheduled to report, among them are: **Amazon Inc.**, **Microsoft Corp.**, **Visa Inc.** and **Procter & Gamble Co.**

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