

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.687 (-9.2 bps)	GNMA (30 Yr) 6% Coupon:	110-28/32 (2.59%)
6 Mo. T-Bill:	1.640 (-18.9 bps)	Duration:	3.77 years
1 Yr. T-Bill:	1.580 (-17.2 bps)	Bond Buyer 40 Yield:	3.55 (-4 bps)
2 Yr. T-Note:	1.404 (-22.8 bps)	Crude Oil Futures:	52.81 (-3.10)
3 Yr. T-Note:	1.358 (-21.5 bps)	Gold Spot:	1,504.66 (+7.65)
5 Yr. T-Note:	1.347 (-21.5 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.529 (-15.1 bps)	U.S. High Yield:	
30 Yr. T-Bond:	2.015 (-11.4 bps)	BB:	4.71 (6 bps)
		B:	6.74 (-1 bps)

Yields dropped last week for short-term and long-term U.S. Treasury notes as investors digested mixed economic data throughout the week. On Tuesday, the ISM Manufacturing Index for September came in at 47.8, below the consensus expectation of 50.0. A reading below 50 signals a contraction, while above 50 signals an expansion. The ISM Manufacturing Index, which is a survey, fell to a decade low as negative trade-related sentiment continues to stoke fears of a looming recession. Later in the week, the ISM Non-Manufacturing Index for September was reported at 52.6. The reading slightly missed the consensus expectation, but still signaled an expansion, and the major measures for non-manufacturing activity all came in above 50.0. To wrap up the week, Friday's jobs report indicated nonfarm payrolls rose 136,000 last month. Nonfarm payrolls came in roughly 9,000 less than expected, though revisions for July/August pushed nonfarm payrolls up to 181,000. Unemployment dropped to 3.5% in September, the lowest reading in 50 years. Despite the weak manufacturing survey, the September jobs report along with the non-manufacturing survey continues to signal towards a resilient domestic economy. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: September Monthly Budget Statement (\$89.0b, \$119.1b); Tuesday: September PPI Final Demand MoM (0.1%, 0.1%), September PPI Final Demand YoY (1.8%, 1.8%); Wednesday: October 4 MBA Mortgage Applications (n/a, 8.1%), August Final Wholesale Inventories MoM (0.4%, 0.4%); CPI MoM (0.1%, 0.1%), CPI YoY (1.8%, 1.7%), October 5 Initial Jobless Claims (281k, 219k), September 28 Continuing Claims (1651k, 1651k); Friday: September Import Price Index MoM (-0.1%, -0.5%), October Preliminary University of Michigan Sentiment (92.0, 93.2).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	26,573.72 (-0.88%)	Strong Sectors:	Info Tech, Health Care, Cons Staples
S&P 500:	2,952.01 (-0.30%)	Weak Sectors:	Energy, Material, Industrials
S&P Midcap:	1,903.79 (-0.96%)	NYSE Advance/Decline:	1,343 / 1,588
S&P Smallcap:	930.46 (-1.66%)	NYSE New Highs/New Lows:	46 / 120
NASDAQ Comp:	7,982.47 (+0.57%)	AAII Bulls/Bears:	21.4% / 39.4%
Russell 2000:	1,500.70 (-1.28%)		

U.S. stocks moved lower for the week amid worries about a possible economic downturn. Losses were driven by a 47.8 reading for the ISM Manufacturing Index, the lowest value since June 2009. Readings above 50 signal an expansion in manufacturing activity, while readings below 50 signal contraction. This was the second consecutive month with a reading below 50, stoking concern of an economic slowdown in manufacturing. In other economic data, 136,000 jobs were added in September but missed economist expectations of 145,000. In addition, the ISM Non-Manufacturing fell to 52.6 but remained in expansionary territory. Turning to stock news, discount online brokers tumbled after **Charles Schwab Corp.** announced zero commissions on all ETFs and stock trades in a move that was quickly followed by key competitors. **TD Ameritrade Holdings Corp.** fell by over 28% due to higher exposure in revenue from commissions than **Charles Schwab Corp.** which lost nearly 14% of its value. Shares of **Delta Air Lines, Inc.** moved lower after raising its estimated non-fuel cost for next quarter on bad weather, higher volumes and increased labor costs. Homebuilder **Lennar Corp.** gained after issuing higher guidance and beating earnings estimates on strong orders from the West. Looking ahead, potential trade deals and geopolitical concerns are likely to remain key market drivers next week as Chinese Vice Premier Liu He will be in Washington to negotiate on trade with U.S. representatives and the Brexit deadline nears. Earnings season will unofficially kick-off in less than two weeks with a number of major banks announcing results. S&P 500 earnings are expected to fall by 3.6% for the quarter but could turn positive as most companies tend to beat expectations.

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