

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.096 (0.8 bps)	GNMA (30 Yr) 6% Coupon:	109-23/32 (3.02%)
6 Mo. T-Bill:	0.102 (-0.7 bps)	Duration:	3.72 years
1 Yr. T-Bill:	0.109 (-1.0 bps)	Bond Buyer 40 Yield:	3.57 (4 bps)
2 Yr. T-Note:	0.127 (-1.6 bps)	Crude Oil Futures:	42.97 (0.63)
3 Yr. T-Note:	0.144 (-1.8 bps)	Gold Spot:	1,964.83 (24.35)
5 Yr. T-Note:	0.269 (0.5 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	0.721 (9.3 bps)	U.S. High Yield:	5.86 (-16 bps)
30 Yr. T-Bond:	1.501 (16.0 bps)	BB:	4.33 (-13 bps)
		B:	6.12 (-16 bps)

Long-term Treasury yields rose significantly over the course of the week, with short-term yields remaining flat on positive economic reports and signals from the Federal Reserve that they want to keep rates low. Yields rose moderately early in the week as pandemic fears subsided and strong housing numbers were reported. The S&P CoreLogic Case-Shiller U.S. National Home Price Index rose 4.3% and new home sales rose 13.9% in July. Durable Goods Orders also rose 11.2% compared to estimates of 7.6%. Investors took a more risk-on approach despite Consumer Confidence dropping to 84.8 in August from 91.7 in July. On Thursday, yields rose moderately as the Federal Reserve said it would allow inflation to rise over the target rate of 2% before raising rates, which is different than the past policy of raising rates preemptively when inflation got near 2%. The spread between the 2-year and the 10-year Treasury yields also widened to 59 basis points, the widest in recent weeks. U.S. and Chinese officials also confirmed they remain committed to the Phase One trade deal on Tuesday. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: August Final Markit US Manufacturing PMI (53.6, 53.6), August ISM Manufacturing (54.5, 54.2), July Construction Spending (1.0%, -0.7%); Wednesday: August 28 MBA Mortgage Applications (n/a, -6.5%), August ADP Employment Change (900k, 167k), July Factor Orders (4.2%, 6.2%), July Final Durable Goods Orders (11.2%, 11.2%); Thursday: August 29 Initial Jobless Claims (950k, 1006k), July Trade Balance (-\$52.0b, -\$50.7b); Friday: August Change In Nonfarm Payrolls (1456k, 1763k), August Unemployment Rate (9.8%, 10.2%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	28,653.87 (2.64%)	Strong Sectors:	Communication Services, Info Tech, Financials
S&P 500:	3,508.01 (3.29%)	Weak Sectors:	Utilities, Health Care, Energy
S&P Midcap:	1,946.51 (1.92%)		
S&P Smallcap:	912.02 (1.95%)		
NASDAQ Comp:	11,695.63 (3.40%)	NYSE Advance/Decline:	2,111 / 983
Russell 2000:	1,578.34 (1.69%)	NYSE New Highs/New Lows:	223 / 46
		AAll Bulls/Bears:	32.1/ 39.6%

Stocks continued to rise to record levels last week after a clearer path was laid out by the Federal Reserve. In a shift from previous statements, chairman Jerome Powell said the Fed would be more accommodative and let inflation and employment run at higher rates that will likely accompany lower interest rates. The statement came as unemployment benefits dropped, signaling the labor market is recovering. President Trump officially accepted the GOP nomination on Thursday. His speech at the White House made history, as the site was used for a political event after the President had canceled plans to deliver his speech first in North Carolina and then in Florida. **Abbott Laboratories** announced on Wednesday that the FDA had given it's \$5 rapid result COVID-19 test the go-ahead to manufacture. The White House later announced it would be buying 150 million tests after Abbott said its production would run at about a 50 million a month rate. **Moderna Inc** also announced positive phase 1 trial results for its COVID vaccine. The vaccine produces consistently high levels of neutralizing antibodies in older adults. Moving to the corporate economy, **MGM Resorts** announced it will lay off 18,000 employees while **Coca-Cola** is offering buyouts to 4,000 of its employees. Looking ahead, investors will be looking at the market through both the Biden and Trump policy lenses. With the debates scheduled for September 29, October 15, and October 22, the two candidates have one month to streamline their messages to their respective bases.

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