

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.099 (0.3 bps)	GNMA (30 Yr) 6% Coupon:	109-20/32 (3.04%)
6 Mo. T-Bill:	0.114 (1.2 bps)	Duration:	3.72 years
1 Yr. T-Bill:	0.119 (1.0 bps)	Bond Buyer 40 Yield:	3.57 (0 bps)
2 Yr. T-Note:	0.143 (1.6 bps)	Crude Oil Futures:	39.77 (-3.20)
3 Yr. T-Note:	0.173 (3.0 bps)	Gold Spot:	1,933.94 (-30.89)
5 Yr. T-Note:	0.299 (3.0 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	0.718 (-0.3 bps)	U.S. High Yield:	5.90 (4 bps)
30 Yr. T-Bond:	1.471 (-3.0 bps)	BB:	4.44 (11 bps)
		B:	6.14 (2 bps)

Last week, U.S Treasury bond yields rose on the short-end of the yield curve as U.S. Treasury bond yields on the long-end pulled back. A couple of catalysts led to long-term Treasury bond yields falling throughout the week. Early in the week, investors sought out bonds on the cheap following the selloff in long-term Treasury bonds. The month of August saw 10-year Treasury yields rise over 17 basis points and 30-year Treasury yields increase about 28 basis points. Bond yields and prices are inversely related. Later in the week, investors continued to flock to Treasuries as a perceived safe haven from retreating equities. The week ended with Treasury yields pushing higher across the yield curve on Friday, leaving only longer-dated Treasury yields in the red for the week. The selloff in Treasuries on Friday was due to a stronger-than-expected jobs report spurring positive sentiment as the jobs market continues to rapidly recover. Nonfarm payrolls beat the consensus expectation and the unemployment rate dropped to 8.4%, well below the peak of 14.7% in April. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: August NFIB Small Business Optimism (99.0, 98.8); Wednesday: September 4 MBA Mortgage Applications (n/a, -2.0%); Thursday: August PPI Final Demand MoM (0.2%, 0.6%), August PPI Final Demand YoY (-0.3%, -0.4%), September 5 Initial Jobless Claims (830k, 881k), August 29 Continuing Claims (n/a, 13254k), July Final Wholesale Inventories MoM (-0.1%, -0.1%); Friday: August CPI MoM (0.3%, 0.6%), August CPI Ex Food and Energy MoM (0.2%, 0.6%), August CPI YoY (1.2%, 1.0%), August Monthly Budget Statement (-\$242.7b, -\$63.0b).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	28,133.31 (-1.73%)	Strong Sectors:	Materials, Utilities, Financials
S&P 500:	3,426.96 (-2.27%)	Weak Sectors:	Comm. Services, Info. Tech., Energy
S&P Midcap:	1,897.86 (-2.47%)	NYSE Advance/Decline:	927 / 2,164
S&P Smallcap:	891.81 (-2.19%)	NYSE New Highs/New Lows:	249 / 50
NASDAQ Comp:	11,313.13 (-3.25%)	AAII Bulls/Bears:	30.8% / 41.8%
Russell 2000:	1,535.30 (-2.70%)		

Last week was the worst week for equities since June. Last week's return was -1.00% for the S&P 500 Value index which bested the -3.07% return for the S&P 500 Growth index. Utilities and Materials were the only two sectors that were positive, while Energy and Technology both returned worse than -4%. According to the St Louis Fed, their 5-year inflation expectation hit a high for the year at 1.91% which helped to spur Materials as the top performing sector. The three best materials names in the S&P were **Eastman Chemical Co.**, **LyondellBasell Industries** and **International Paper Co.** all returning over 5% last week. Inflation expectations couldn't help support oil prices as Crude fell from \$42.97 to close the week below \$40 for the first time since July. Energy names **HollyFrontier Corp.** and **Diamondback Energy Inc.** both tumbled over 10% last week as energy prices depressed the expected future profitability in the names. There were twelve information technology stocks that returned worse than -6% last week. During trading on Friday, the high growth technology trade was in full meltdown after the Nasdaq 100 index started down 5.34% before retracing most of those losses as the index closed down 1.27% for the day. There were some reopening trades that were positive last week. **Carnival Corp.** and **Norwegian Cruise Line Holdings** rallied 7.67% and 4.13% respectively, after news broke that Italy based Costa Cruises will resume operations starting Sunday. **Walmart Inc.** returned 1.80% last week after announcing an unlimited delivery service called "Walmart Plus" to compete against Amazon Prime. It is expected to have 2,700 stores offering same-day delivery later this month. Beverage conglomerate **Brown-Forman Corp.** rallied 9.10% last week after announcing earnings that bested market expectations on sales that grew 3% when analysts had estimated -5% sales growth. Despite the poor week in equities, the S&P 500 index is still above where it was only two weeks ago. Consider dips like this an opportunity to assess your market allocations and an opportunity to buy assets at lower valuations.

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