

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.051 (0.8 bps)	GNMA (30 Yr) 6% Coupon:	109-06/32 (3.53%)
6 Mo. T-Bill:	0.061 (1.0 bps)	Duration:	4.02 years
1 Yr. T-Bill:	0.109 (1.3 bps)	Bond Buyer 40 Yield:	3.51 (2 bps)
2 Yr. T-Note:	0.453 (5.8 bps)	Crude Oil Futures:	83.76 (+1.48)
3 Yr. T-Note:	0.769 (7.5 bps)	Gold Spot:	1,792.65 (+25.03)
5 Yr. T-Note:	1.196 (7.0 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.632 (6.2 bps)	U.S. High Yield:	4.75 (2 bps)
30 Yr. T-Bond:	2.068 (2.7 bps)	BB:	3.69 (unch.)
		B:	5.27 (5 bps)

Each spot rate on the U.S. Treasury Curve rose last week as yields marched higher in the face of inflation and the looming Fed taper. The fixed income market's confidence in transitory inflation is weakening after investors digested an equity earnings week filled with supply chain issues and higher input costs. The 5-Year breakeven rate – a gauge of implied 5-year inflation expectations – surged to its highest level since being introduced in 2002. The index touched 3% on Friday before retreating to 2.90% at week end. On Friday, Fed Chairman Jerome Powell spoke at the Bank for International Settlements conference for the final time before the highly anticipated Fed policy meeting on November 2 & 3 and reaffirmed the Fed's plan to begin asset purchase tapering this year. He also signaled that supply chain issues and high inflation will likely persist into 2022 after proving stickier than Fed policymakers originally expected. Jobless claims unexpectedly fell and reached a pandemic low, signaling a reluctance to lay off employees while hiring remains challenged. October preliminary Markit US Manufacturing PMI fell further than expected to 59.2 which is its lowest reading since March of this year. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: September New Home Sales (758k, 740k), October Conference Board Consumer Confidence Index (108.5, 109.3); Wednesday: October 22 MBA Mortgage Applications (n/a, -6.3%), September Wholesale Inventories MoM (1.0%, 1.2%), September Durable Goods Orders (-1.0%, 1.8%); Thursday: October 23 Initial Jobless Claims (290k, unch.), Q3 GDP Annualized QoQ (2.8%, 6.7%); Friday: September Personal Income (-0.2%, 0.2%), September Personal Spending (0.6%, 0.8%), October MNI Chicago PMI (64.0, 64.7), October University of Michigan Sentiment (71.4, unch.).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	35,677.02 (1.12%)	Strong Sectors:	Real Estate, Health Care, Financials
S&P 500:	4,544.90 (1.66%)	Weak Sectors:	Communication Services, Materials, Consumer Staples
S&P Midcap:	2,796.84 (1.78%)	NYSE Advance/Decline:	2,033 / 1,443
S&P Smallcap:	1,381.14 (1.27%)	NYSE New Highs/New Lows:	401 / 106
NASDAQ Comp:	15,090.20 (1.30%)	AAll Bulls/Bears:	46.9% / 27.8%
Russell 2000:	2,291.27 (1.14%)		

Stocks ended last week higher after rising four out of five days. The S&P 500 accelerated through Thursday before letting up on Friday to close out the week 1.66% higher. The index has returned over 22% this year despite multiple economic and geopolitical headwinds. Inflation from global supply-chain constraints continues to spook investors as evidenced by the market movement proceeding comments by Federal Reserve Chairman Jerome Powell on Friday. Investors are concerned that higher costs resulting from supply-chain disruptions will lead the Fed to raise interest rates faster than expected. This forward looking view has been offset by strong earnings reports from many companies leading major market indexes to near record highs. Real Estate companies in the S&P 500 were the best performing group in the index last week. The sector returned over 3% last week driven by data center and communication REITs. The best performer in the sector index, **Digital Realty Trust Inc**, is set to report earnings next Tuesday. Shifting to Technology stocks, **Snap Inc**, **Intel**, and **IBM** all released disappointing quarterly results last week. Snap warned that a decrease in advertising spending will lower the company's earnings in 2022. Higher costs for Intel and IBM, combined with lower growth prospects, also dragged prices down for both Dow components. Looking at quarterly results as a whole, the S&P 500 is up over 4% since **JPMorgan** kicked off earnings season about two weeks ago. **Pool Inc**, **Etsy**, and **Tesla** rallied last week as a sign the resilient consumer is powering an already visibly strong economy. Looking ahead to next week, new home sales and inventory data will shape investors views along with 165 companies in the S&P 500 set to report quarterly earnings.

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