

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.030 (0.5 bps)	GNMA (30 Yr) 6% Coupon:	109-11/32 (3.50%)
6 Mo. T-Bill:	0.043 (0.3 bps)	Duration:	4.03 years
1 Yr. T-Bill:	0.074 (0.3 bps)	Bond Buyer 40 Yield:	3.48 (4 bps)
2 Yr. T-Note:	0.264 (-0.6 bps)	Crude Oil Futures:	75.88 (+1.90)
3 Yr. T-Note:	0.485 (-5.5 bps)	Gold Spot:	1,760.98 (+10.56)
5 Yr. T-Note:	0.928 (-1.9 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.462 (1.1 bps)	U.S. High Yield:	4.70 (11 bps)
30 Yr. T-Bond:	2.029 (4.5 bps)	BB:	3.69 (12 bps)
		B:	5.21 (8 bps)

U.S. Treasury bond yields were mixed last week with yield curve steepening as the long end of the curve held on to gains. Treasury yields increased across the yield curve on Monday and Tuesday before dropping for the rest of the week as the equity market selloff led to investors seeking safe haven investments, such as treasury bonds. On Thursday, second quarter GDP was revised up from an annual rate of 6.6% to 6.7%. Consumer spending and business investment were the largest positive contributors, while inventories were the weakest component. On Friday, personal income and consumption spending data showed the growth in personal consumption outpaced the growth in personal income during the month of August. Personal Income is up 6.1% in the past year, whereas spending has grown 11.6%. Personal income growth was led by increases in private sector wages and salaries, which is 6.7% above pre-COVID levels. The strength in private sector wages and salaries will help offset the early September expiration of two pandemic-related additional unemployment benefits programs. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: August Factory Orders (1.0%, 0.4%), August Final Durable Goods Orders (1.8%, 1.8%); Tuesday: August Trade Balance (-\$70.6B, -\$70.1B), September Final Markit US Services PMI (54.4, 54.4), September Final Markit US Composite PMI (N/A, 54.4), September ISM Services Index (59.8, 61.7); Wednesday: October 1 MBA Mortgage Applications (N/A, -1.1%), September ADP Employment Change (450K, 374K); Thursday: October 2 Initial Jobless Claims (350K, 362K), September 25 Continuing Claims (2775K, 2802K); Friday: September Change in Nonfarm Payrolls (470K, 235K), September Change in Manufacturing Payrolls (25K, 37K), September Unemployment Rate (5.1%, 5.2%), August Final Wholesale Inventories MoM (1.2%, 1.2%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	34,326.46 (-1.36%)	Strong Sectors:	Energy, Financials,
S&P 500:	4,357.04 (-2.19%)		Materials
S&P Midcap:	2,683.64 (-0.54%)	Weak Sectors:	Health Care, Info. Tech.,
S&P Smallcap:	1,357.37 (0.99%)		Consumer Staples
NASDAQ Comp:	14,566.70 (-3.19%)	NYSE Advance/Decline:	1,560 / 1,908
Russell 2000:	2,241.63 (-0.24%)	NYSE New Highs/New Lows:	237 / 196
		AAII Bulls/Bears:	28.1% / 40.7%

The S&P 500 Index returned -2.19% during the week as selloffs on Tuesday and Thursday caused a negative monthly return for September of -4.76%. September was the worst month for the S&P 500 since March 2020 and snapped a seven-month positivity streak. Selloffs on Tuesday and Thursday were due to inflation fears, largely caused by the supply chain meltdown, and communications from the Fed that it may begin rolling off quantitative easing by the end of 2021. Retail demand continues to rise as August Personal Consumption numbers released on October 1st beat economist estimates and consumer balance sheets are still very strong. Equity markets also reacted after Fed Chair Powell's statement on Tuesday reaffirming that the central bank may begin tapering its bond buying as soon as the November meeting and possibly reduce the current purchase rate of \$120B per month to zero by the middle of 2022. The Energy sector was the bright star of the week, returning 5.8% while every other GICS sector traded down. Crude oil prices rose on signs that global inventories are falling and increased faith in the reopening theme as positive COVID vaccine news was released on Friday. The best performing stock in the S&P 500 during the week was **Dollar Tree** (DLTR, +15.9%) which cited inflation as the catalyst for raising the prices of some items above \$1. The worst performing stock in the S&P 500 was **Moderna** (MRNA, -20.7%) which followed other vaccine producers in a selloff due to the positive news announced by **Merck** (MRK, +10.6%) that a new antiviral pill has been shown to reduce the risk of COVID-induced hospitalization or death by 50%. Looking ahead, earnings from PepsiCo. Inc., Constellation Brands Inc., and Conagra Brands Inc. are expected to give insights into Food and Beverages during the third quarter. Investors will also be following the status of the \$1B bipartisan Infrastructure Bill which has been thrown into question by turbulence within the Democratic party.

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