

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.041 (0.3 bps)	GNMA (30 Yr) 6% Coupon:	108-18/32 (3.68%)
6 Mo. T-Bill:	0.061 (0.0 bps)	Duration:	3.99 years
1 Yr. T-Bill:	0.155 (2.8 bps)	Bond Buyer 40 Yield:	3.46 (-1 bps)
2 Yr. T-Note:	0.511 (11.1 bps)	Crude Oil Futures:	80.79 (-0.48)
3 Yr. T-Note:	0.842 (18.5 bps)	Gold Spot:	1,864.90 (+46.54)
5 Yr. T-Note:	1.221 (16.6 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.561 (11.0 bps)	U.S. High Yield:	4.82 (7 bps)
30 Yr. T-Bond:	1.931 (4.4 bps)	BB:	3.80 (7 bps)
		B:	5.34 (8 bps)

Treasury yields rose significantly over the course of the week on the passing of the infrastructure plan and inflation concerns. Over the previous weekend, the U.S. House of Representatives approved an infrastructure package already approved by the Senate that went on to President Biden to be signed into law. This caused traders to seek a more risk on approach on Monday, as yields rose materially. Yields reversed themselves and dropped on Tuesday, despite U.S. wholesale inflation rising in October. Federal Reserve Chairman Jerome Powell had said the previous week that the Fed would be patient about raising interest rates, so investors shrugged off inflation concerns on Tuesday. However, those concerns were realized further on Wednesday as inflation surged 0.9% MoM and 6.2% YoY, compared to estimates of 0.6% and 5.9%, respectively. Investors were not as sure that the Fed would be able to hold off a rate hike for as long as they expect as the chance of a rate hike by next June rose from 55% to 77% in one day, and yields soared. Yields rose materially again on Friday with the University of Michigan Consumer-Sentiment Index coming in at 66.8, compared to expectations of 72.5, the lowest since 2011. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: November Empire Manufacturing (21.2, 19.8); Tuesday: October Retail Sales Advance MoM (1.1%, 0.7%), October Industrial Production MoM (0.9%, -1.3%); Wednesday: November 12 MBA Mortgage Applications (n/a, 5.5%), October Housing Starts (1580k, 1555k); Thursday: November 13 Initial Jobless Claims (260k, 267k), October Leading Index (0.8%, 0.2%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	36,100.31 (-0.56%)	Strong Sectors:	Materials, Health Care, Industrials
S&P 500:	4,682.85 (-0.27%)	Weak Sectors:	Consumer Discretionary, Energy, Utilities
S&P Midcap:	2,902.19 (-0.06%)	NYSE Advance/Decline:	1,607 / 1,918
S&P Smallcap:	1,455.51 (-0.67%)	NYSE New Highs/New Lows:	476 / 117
NASDAQ Comp:	15,860.96 (-0.68%)	AAll Bulls/Bears:	48.0% / 24.0%
Russell 2000:	2,411.78 (-1.01%)		

After five straight weeks of gains, the S&P 500 Index posted a -0.27% return last week. The index has gained 26.21% YTD with all but two months in 2021, January and September, posting positive returns. Wednesday's release of the October CPI numbers put downward pressure on equities with energy and information technology taking the largest lumps. Both MoM and YoY CPI came in higher than expected, increasing concern that the Federal Reserve may speed up tapering and act sooner than expected in raising rates. Equities recovered some of their losses later in the week with information technology and materials rising the most. Inflation concerns are also affecting consumer sentiment, declining to levels not seen since 2011 and adding another variable for equity investors to consider. U.S. initial jobless claims of 267K were above the 260K expected, but lower than the previous week's 269K. Claims have continued to decline since peaking in early April and are approaching pre-pandemic levels. Crude oil closed at \$80.79 per barrel on Friday, declining 59 basis points for the week. The cost of crude has climbed 66.51% YTD, helping energy post the best sector performance thus far in 2021 with the S&P 500 Energy Index returning 57.93% YTD. However, last week materials was the best performing sector with the S&P 500 Materials Index returning 2.57%. Strong performance from materials' stocks included **Freeport-McMoRan Inc.**, **CF Industries Holdings Inc.**, **International Flavors & Fragrances Inc.**, and **Newmont Corp.** Electric truck maker **Rivian Automotive Inc.**, which IPO'd at \$78 per share last week, jumped 66.60% through Friday. The company is now worth more than both **Ford Motor Company** and **General Motors Company** with a market capitalization over \$100 billion, making it the largest US company without revenue. **Johnson & Johnson** announced the spin-off of its consumer health business to focus on its pharmaceutical and medical devices businesses, creating two separate companies. Earnings announcements expected this week include **NVIDIA Corp**, **Walmart Inc.**, **The Home Depot Inc.**, **Cisco Systems Inc.**, **Lowe's Companies Inc.**, and many more.

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