

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	4.100 (5.4 bps)	Bond Buyer 40 Yield:	5.19 (-6 bps)
6 Mo. T-Bill:	4.560 (8.5 bps)	Crude Oil Futures:	92.61 (4.71)
1 Yr. T-Bill:	4.709 (18.0 bps)	Gold Spot:	1,681.87 (37.01)
2 Yr. T-Note:	4.658 (24.4 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.591 (22.5 bps)	US High Yield:	9.31 (38 bps)
5 Yr. T-Note:	4.331 (14.6 bps)	BB:	7.60 (39 bps)
10 Yr. T-Note:	4.158 (14.6 bps)	B:	9.53 (33 bps)
30 Yr. T-Bond:	4.246 (10.5 bps)		

Treasury yields rose significantly over the course of the week, especially among shorter-term maturities, as the Federal Reserve increased interest rates another 75 basis point and Chairman Jerome Powell spoke at a press conference. The Fed increased the Upper Bound of the Federal Funds Target Rate to 4.00%, from 3.25%, on Wednesday and added language to “take into account the cumulative tightening of monetary policy.” Additional new language also gave consideration to the lag at which the policies affect economic activity. However, after the announcement, Chairman Powell said officials still have “some ways to go” to bringing inflation back down to the 2% target and it is “very premature” to think about pausing rate hikes. Investors had been speculating that the Fed may signal a slowdown in interest rate increases, and Treasury yields rose Wednesday afternoon and Thursday when that did not appear to be the case. On Friday, the jobs added to the U.S. economy in the month of October rose 261k, which was materially higher than expectations of 205k, causing more optimism in the market. Overall, the implied probability of a 75 basis point rate hike (compared to just a 50 basis point rate hike) at the December meeting decreased from 35% to 21% over the course of the week, but the implied rate by June of 2023 increased from 4.870% to 5.096% as investors are expecting an additional hike next year. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Wednesday: November 4 MBA Mortgage Applications; Thursday: October CPI MoM (0.6%, 0.4%), October CPI YoY (7.9%, 8.2%), November 5 Initial Jobless Claims; Friday: November Prelim. U. of Mich. Sentiment (59.5, 59.9).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	32,403.22 (-1.38%)	Strong Sectors:	Energy, Materials, Industrials
S&P 500:	3,770.55 (-3.31%)	Weak Sectors:	Comm Services, Info Tech, Consumer Discretionary
S&P Midcap:	2,405.74 (-1.17%)	NYSE Advance/Decline:	1,605 / 1,832
S&P Smallcap:	1,171.36 (-2.11%)	NYSE New Highs/New Lows:	225 / 468
NASDAQ Comp:	10,475.25 (-5.61%)	AAll Bulls/Bears:	30.6% / 32.9%
Russell 2000:	1,799.87 (-2.53%)		

The S&P 500 Index returned -3.31% last week. Four straight days of declines had the index down over 4.5%, but Friday’s positive performance helped trim the loss. The index is currently down 19.83% YTD, with less than two months left in 2022 and on pace for its worst performance since 2008. The Federal Open Market Committee raised rates another 75 basis points on Wednesday in efforts to battle high inflation, marking their sixth hike and a total increase of 3.75% since starting in mid-March 2022. Federal Reserve Chairman Powell indicated that more hikes were likely coming as the economy is still strong and inflation still high. Equity investors await Thursday’s release of the October inflation data in hopes of a decline from September’s 8.2% year-over-year number. U.S. initial jobless claims were reported at 217K which were the same as the previous week’s claims and slightly lower than the consensus estimate of 220K. Crude oil closed at \$92.61 per barrel on Friday, rising 5.36% for the week. Energy was the best performing sector in the S&P 500 Index followed by materials and industrials, the only three sectors posting positive returns last week. Energy stocks **APA Corp**, **Baker Hughes Company**, and **Halliburton Company** all returned over 7.0% last week. Health care company **ABIOMED Inc.** was the best performer in the S&P 500 Index last week. The cardiovascular device maker’s stock jumped 49.88% on Tuesday after releasing earnings and announcing they would be acquired by Johnson & Johnson. Insurance company **Lincoln National Corp** was the worst performer in the S&P 500 Index last week. The stock dropped 33.15% on Thursday due to third quarter results that were well below estimates. Online used car retailer **Carvana Company** declined 38.95% on Friday and is now down 96.22% YTD, pulling its market capitalization under \$2 billion. The company reported quarterly results Thursday evening that were overall negative with a declining number of vehicles sold, rising costs as interest rates increase, and long-term debt of over \$6.6 billion. Earnings announcements expected this week include **The Walt Disney Company**, **Occidental Petroleum Corp**, **Activision Blizzard Inc.**, **Constellation Energy Corp**, **DR Horton Inc.**, **The Mosaic Company**, among others.

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