

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.680 (13.7 bps)	Bond Buyer 40 Yield:	3.98 (10 bps)
6 Mo. T-Bill:	1.139 (8.7 bps)	Crude Oil Futures:	98.26 (-1.01)
1 Yr. T-Bill:	1.735 (6.7 bps)	Gold Spot:	1,947.54 (21.86)
2 Yr. T-Note:	2.512 (8.9 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	2.725 (12.4 bps)	U.S. High Yield:	6.57 (30 bps)
5 Yr. T-Note:	2.754 (20.3 bps)	BB:	5.47 (29 bps)
10 Yr. T-Note:	2.700 (30.5 bps)	B:	6.91 (29 bps)
30 Yr. T-Bond:	2.718 (26.2 bps)		

The Treasury market continues to scratch at its eyes as rising yields are putting significant pressure on price. Particularly of note, the 10- year yield went from 2.395 to 2.700 Monday to Friday. A knock-on effect is that the curve meaningfully steepened. The Minutes of the Federal Open Market Committee dated March 15-16 were released April 6, and the minutes coupled with Tuesday comments from Federal Reserve Governor Lael Brainard, widely regarded as a dovish Governor, sent yields thrusting higher. Her comments noted a strong recovery will enable a more rapid reduction of the balance sheet compared to the last reduction in 2017-2019. Her Tuesday comments were corroborated by the Wednesday meeting notes which said "discussion was preceded by a staff presentation that reviewed the Committee's 2017-19 experience with balance sheet reduction and presented a range of possible options for reducing the Federal Reserve's securities holdings over time in a predictable manner. All of the options featured a more rapid pace of balance sheet runoff than in the 2017-19 episode." Prior to the news eclipse that was the Federal Reserve, last Tuesday saw an increase to the March ISM Non-Manufacturing Index reading at 58.5; greater than the 50 denoting expansion. Also reported, the Trade deficit was recorded at \$89.2 billion, high, but in-line with the prior month. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: March CIP MoM (0.5%, unch.); Wednesday: April 8 MBA Mortgage Applications (n/a, -6.3%); Thursday: April 9 Initial Jobless Claims (175k, 166k) and University of Michigan April Preliminary Sentiment (58.9, 59.4); Friday: April Empire Manufacturing (1.0, -11.8) and March Industrial Production MoM (0.4%, 0.5%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	34,721.12 (-0.23%)	Strong Sectors:	Health Care, Energy, Consumer Staples
S&P 500:	4,488.28 (-1.24%)	Weak Sectors:	Info Technology, Cons Disc, Comm Services
S&P Midcap:	2,617.09 (-3.41%)	NYSE Advance/Decline:	1,086 / 2,469
S&P Smallcap:	1,272.84 (-4.37%)	NYSE New Highs/New Lows:	86 / 249
NASDAQ Comp:	13,711.00 (-3.84%)	AAll Bulls/Bears:	24.7% / 41.4%
Russell 2000:	1,994.56 (-4.60%)		

Stocks closed lower to start off the first week of the new quarter with the S&P 500 grinding down -1.24% for the week. On Friday, stocks moved between positive and negative territory as investors weighed the impact of the Federal Reserve's rate-hike policy and the continuing impact of the Ukraine war. Tuesday and Wednesday had sharp downward action due to hawkish signals from the Fed. The near-term outlook for an economic slowdown had investors taking a risk-off approach. The selloff snapped a three-week winning streak as the market will digest the start of earnings season, beginning next week. Elon Musk provided a jolt to the market participants on Monday, after disclosing a 9.2% in **Twitter** which sent the stock soaring more than 30%. The move is surrounded by controversy, as Musk risks scrutiny from the SEC with regard to the timeline of his disclosure. The company also announced on Tuesday that Musk will be joining the board as he is now the largest shareholder in the stock. Another large transaction, this time by Warren Buffet's **Berkshire Hathaway**, was disclosed in a filing on Wednesday. The company purchased more than \$4.2 billion dollars of **HP Inc**, which caused the stock to rise 15% at the open on Thursday. Looking at the sector returns in the S&P 500, Information Technology was the laggard last week with a -4% return while Health Care names led the index with a 3.4% return. Energy names also held up through the selloff with over a 3% return. Crude oil traded slightly lower to close out the week at just over \$98 a barrel. Looking ahead to next week, inflation will be in focus as CPI and PPI data are set to be released on Tuesday and Wednesday along with retail sales, and import and export prices on Thursday.

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