

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.767 (1.8 bps)	Bond Buyer 40 Yield:	4.18 (12 bps)
6 Mo. T-Bill:	1.291 (8.7 bps)	Crude Oil Futures:	102.07 (-4.88)
1 Yr. T-Bill:	2.020 (32.2 bps)	Gold Spot:	1,931.60 (-46.65)
2 Yr. T-Note:	2.667 (21.3 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	2.854 (17.4 bps)	U.S. High Yield:	6.81 (20 bps)
5 Yr. T-Note:	2.931 (14.4 bps)	BB:	5.73 (22 bps)
10 Yr. T-Note:	2.899 (7.1 bps)	B:	7.11 (16 bps)
30 Yr. T-Bond:	2.944 (3.0 bps)		

Treasury bond yields rose across the yield curve as the bond selloff continued last week. The 10-year Treasury yield reached its highest level since 2018 and 30-year Treasury yields topped 3% for the first time since April 2019 last week as inflation continued to pressure bond prices. To combat inflation, St. Louis Federal Reserve President James Bullard did not rule out a three-quarter-point rate hike at the Fed's May meeting, which hasn't been done since 1994. On Thursday, Federal Reserve Chairman Jerome Powell also took a more hawkish tone regarding raising interest rates more quickly. The market now expects a half-percentage-point rate increase, or double rate hike, at each of the Fed's next three meetings through July. U.S. housing starts rose in March to a 1.79 million annual rate, the highest rate since 2006. Multi-family construction was entirely responsible for the gain with construction up 26.2% in the past year. Meanwhile, single-family construction is down 4.4% over the past year and existing home sales are down 4.5% versus a year ago. The slowdown in single-family construction and existing home sales is largely due to 30-year mortgage rates above 5.0% pushing potential homebuyers back into the rental market. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: March Preliminary Durable Goods Orders (1.0%, -2.1%), April Conference Board Consumer Confidence (108.0, 107.2), March New Home Sales (-0.3%, -2.0%); Wednesday: April 22 MBA Mortgage Applications (n/a, -5.0%), March Preliminary Wholesale Inventories MoM (1.7%, 2.5%), March Pending Home Sales MoM (-1.0%, -4.1%); Thursday: 1Q Advance GDP Annualized QoQ (1.1%, 6.9%), 1Q Advance Personal Consumption (3.4%, 2.5%), 1Q Advance GDP Price Index (7.2%, 7.1%), 1Q Advance Core PCE QoQ (5.6%, 5.0%), April 23 Initial Jobless Claims (180k, 184k), April 16 Continuing Claims (1393k, 1417k); Friday: March Personal Income (0.4%, 0.5%), March Personal Spending (0.7%, 0.2%), April Final University of Michigan Sentiment (65.7, 65.7).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	33,811.40 (-1.82%)	Strong Sectors:	Real Estate, Cons. Staples, Industrials
S&P 500:	4,271.78 (-2.74%)	Weak Sectors:	Materials, Energy, Comm. Services
S&P Midcap:	2,583.21 (-1.72%)	NYSE Advance/Decline:	1,021 / 2,546
S&P Smallcap:	1,260.43 (-1.85%)	NYSE New Highs/New Lows:	324 / 649
NASDAQ Comp:	12,839.29 (-3.83%)	AAll Bulls/Bears:	18.9% / 43.9%
Russell 2000:	1,940.67 (-3.20%)		

US stocks ended lower last week after an interest rate "Tightening Tantrum" by market participants. Market implied interest rate probabilities, for year end 2022, started last week at 2.48% and ended the week 2.80%. Equity markets had trouble digesting an expected 32bps higher Fed Funds rate during 2022. Nine of the eleven GICS sectors in the S&P 500 were negative, with only Staples and Real Estate positive, a flight to safety appeared to be the only option. Despite the poor returns in equities last week, earnings season began and there were some bright pockets. Airline stocks were generally positive last week after **United Airlines Holdings Inc.** announced inline quarterly results and issued guidance that they expect to return to profitability during 2Q2022 after the COVID pandemic depressed flight volumes. United rallied 14.0% last week and helped to buoy **American Airlines Group Inc.** 6.2%, **Delta Airlines Inc.** 3.1%, and **Southwest Airlines Co.** 0.2%. **International Business Machines Corp.** rallied 9.2% last week after announcing quarterly results well ahead of expectations. Management credited demand for their hybrid cloud and AI drove sales growth in both their software and consulting businesses. However, not everything was rosy in the market. **Netflix Inc.** returned -36.8% last week after they announced streaming subscribers had fallen 200k drastically missing growth expectations of 2.5m subscribers. They also offered guidance that they expected to lose 2m subscribers in 2Q. Market participants worry that Netflix's growth story is broken. Oil and Gas servicing company **Baker Hughes Co.** returned -13.6% last week after announced earnings and revenue inline with expectations but warned of challenging supply chains and inflation impacting their business. Looking ahead to next week, earnings season ramps up as 179 names in the S&P 500 are expected to report quarterly results. Notable names include: **Apple Inc.**, **Microsoft Corp.**, Google's parent **Alphabet Inc.**, **Amazon.com Inc.**, Facebook's parent **Meta Platforms Inc.** and many more.

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