

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.009 (6.6 bps)	Bond Buyer 40 Yield:	4.59 (3 bps)
6 Mo. T-Bill:	1.463 (4.6 bps)	Crude Oil Futures:	113.23 (2.74)
1 Yr. T-Bill:	2.027 (15.5 bps)	Gold Spot:	1,846.50 (34.71)
2 Yr. T-Note:	2.581 (0.3 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	2.728 (-4.7 bps)	US High Yield:	7.81 (16 bps)
5 Yr. T-Note:	2.799 (-6.6 bps)	BB:	6.31 (6 bps)
10 Yr. T-Note:	2.781 (-13.7 bps)	B:	8.33 (23 bps)
30 Yr. T-Bond:	2.986 (-9.3 bps)		

Federal Reserve Chairman Jerome Powell said last week that “Restoring price stability is an unconditional need. It is something we have to do,” and he needs to “see inflation coming down in a convincing way” before the Fed stops raising interest rates. Kansas City Fed President Esther George echoed those sentiments, saying the recent selling in equity markets will not dissuade the Fed from using half-point interest-rate hikes to bring down inflation. Economic data released last week showed mortgage applications fell 10.6% in April compared to the prior year and 14% from March as the recent climb in mortgage rates weighed on demand. In the most recent sign of a tight labor market, continuing claims, or the number of people receiving unemployment benefits, were 1.3 million as of May 7, which was the lowest level since 1969. Manufacturing production doubled expectations in April, growing 0.8% from March. It was the third consecutive month of gains and boosted factory output to 5.8% above last year’s level despite labor shortages and supply chain issues making it difficult for producers to keep up with robust demand. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: April New Home Sales (750k, 763k), May Preliminary S&P Global US Manufacturing PMI (57.8, 59.2); Wednesday: April Preliminary Durable Goods Orders (0.6%, 1.1%), May 20 MBA Mortgage Applications (N/A, -11.0%); Thursday: May 21 Initial Jobless Claims (213k, 218k), 1Q Second Estimate GDP Annualized QoQ (-1.3%, -1.4%); Friday: May Final University of Michigan Sentiment Index (59.1, 59.1), April Personal Income (0.5%, 0.5%), April Personal Spending (0.7%, 1.1%), April Preliminary Wholesale Inventories MoM (1.8%, 2.3%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	31,261.90 (-2.78%)	Strong Sectors:	Energy, Health Care, Utilities
S&P 500:	3,901.36 (-3.00%)	Weak Sectors:	Consumer Staples, Info Tech
S&P Midcap:	2,384.81 (-1.87%)		Consumer Discretionary
S&P Smallcap:	1,171.99 (-1.43%)	NYSE Advance/Decline:	1,559 / 1,987
NASDAQ Comp:	11,354.62 (-3.77%)	NYSE New Highs/New Lows:	78 / 800
Russell 2000:	1,773.27 (-1.05%)	AAll Bulls/Bears:	26.0% / 50.4%

The S&P 500 Index declined 3.00% last week marking the third worst week in 2022. The index has dropped -13.99% over the last seven straight weeks of losses, a losing streak not seen since March 2001 when the index declined eight consecutive weeks. The index is currently down 17.67% for the year. Equities have been under pressure as markets digest concerns over Fed monetary policy, future rate hikes, war in Ukraine, COVID in China, and increasing fears of recession as the Fed battles inflation. Volatile trading swings continued last week after stocks climbed 2.02% Tuesday on positive economic data. Retail sales for April increased month-over-month along with a strong upward revision for March, and industrial production increased more than expected for the month of April. However, equities showed their worst day of the year on Wednesday with a -4.02% return. Market laggards were the consumer discretionary and the consumer staples sectors, returning -6.60% and -6.38% respectively, though all sectors were in negative territory with utilities’ -1.00% taking the best performance of the day. Retail names were under pressure as earnings misses were reported by **Walmart Inc.** and **Target Corp.** who also cut guidance. After Target reported quarterly results the name dropped an astonishing 24.93% and was the worst performing stock in the index last week with a -29.00% return. Other poor performing retail names declining more than 15.00% last week included **Costco Wholesale Corp.**, **Dollar General Corp.**, **Dollar Tree Inc.**, **Ross Stores Inc.**, **Best Buy Company Inc.**, and **Bath & Body Works Inc.** Energy was the best performing sector last week, helped by crude oil’s rise of 2.48%, which closed at \$113.23 per barrel on Friday. Earnings announcements expected this week include **NVIDIA Corp.**, **Intuit Inc.**, **Agilent Technologies Inc.**, **Autodesk Inc.**, along with retail names **Costco Wholesale Corp.**, **Dollar General Corp.**, **AutoZone Inc.**, **Dollar Tree Inc.**, **Best Buy Company Inc.**, and many more.

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