

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.645 (12.8 bps)	Bond Buyer 40 Yield:	4.39 (10 bps)
6 Mo. T-Bill:	3.093 (6.8 bps)	Crude Oil Futures:	90.77 (-1.32)
1 Yr. T-Bill:	3.206 (-3.1 bps)	Gold Spot:	1,747.06 (-55.34)
2 Yr. T-Note:	3.234 (-0.8 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.261 (8.1 bps)	US High Yield:	7.81 (28 bps)
5 Yr. T-Note:	3.093 (13.7 bps)	BB:	6.34 (26 bps)
10 Yr. T-Note:	2.972 (14.1 bps)	B:	8.27 (32 bps)
30 Yr. T-Bond:	3.212 (10.4 bps)		

U.S. Treasury yields rose significantly over the course of the week on comments from the Federal Reserve, despite softness from the economy in China. Treasury yields fell moderately on Monday as many key economic indicators in China missed forecasts and the People's Bank of China lowered some interest rates. Short term yields rebounded Tuesday with long term yields staying flat as investors prepared for the minutes from the Fed to be released the next day. On Wednesday, the Fed's minutes showed that the policy makers see the possibility of tightening more than necessary and that the federal funds rate was still below neutral, which caused yields to rise moderately, and rise significantly amongst longer durations. After yields pulled back slightly on Thursday, they rose moderately again on Friday after Richmond Fed President Thomas Barkin made comments saying that the Fed would do what is necessary to rein in inflation. The uncertainty with regards to the central bank's policies is reflected in the market implied probability of a 75-basis point rate hike, which ended the week at 52% after beginning the week at 49%. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Tuesday: August Prelim. S&P Global Manufacturing PMI (51.9, 52.2), July New Home Sales (580k, 590k); Wednesday: August 19 MBA Mortgage Applications (n/a, -2.3%); Thursday: August 20 Initial Jobless Claims (255k, 250k), 2Q Second GDP Annualized QoQ (-0.9%, -0.9%); Friday: July Personal Income (0.6%, 0.6%), July Personal Spending (0.4%, 1.1%), August Final U. of Mich. Sentiment (55.3, 55.1).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	33,706.74 (-0.05%)	Strong Sectors:	Cons. Staples, Energy, Utilities
S&P 500:	4,228.48 (-1.16%)	Weak Sectors:	Real Estate, Materials, Comm. Services
S&P Midcap:	2,578.06 (-1.38%)	NYSE Advance/Decline:	940 / 2,548
S&P Smallcap:	1,268.17 (-1.49%)	NYSE New Highs/New Lows:	145 / 103
NASDAQ Comp:	12,705.21 (-2.58%)	AAll Bulls/Bears:	33.3% / 37.2%
Russell 2000:	1,957.35 (-2.90%)		

The S&P 500 Index started the week in positive territory but sank the rest of the week to finish down 1.16%. Given the recent run equities had been on, up 12% since the close of June, profit taking seemed to be the market sentiment as the week rolled on. Equities started to turn negative after investor concerns about the Federal Reserve remaining hawkish began to grow. St. Louis Fed Chair James Bullard stated he was considering support for another large rate increase in September. This sent yields higher and the 10-year Treasury hit 3% for the first time in a few months. Energy was the top sector last week as the supply of oil and natural gas continue to be outpaced by demand. The strongest crude and gasoline inventory draws since June proved to be a tailwind to energy names. This inventory draw happened during a time when record amounts of the Strategic Petroleum Reserves are being released, making the inventory draws one of the most bullish announcements for 2022. **Cisco Systems Inc.** rallied 4.48% last week after releasing their quarterly earnings report. Despite announcing gross margins slightly below expectations, the stock rallied on higher sales and higher earnings growth, besting expectations. They also announced 100% year over year growth of their backlog and preliminary FY2023 guidance. **Keysight Technology Inc.** returned 5.95% on Thursday after announcing quarterly results well ahead of the high end of their guidance. The 5G testing equipment manufacture also announced higher FY22 revenue and earnings guidance. Looking ahead to next week, the important Federal Reserve Economic Policy Symposium is due to meet in Jackson Hole Wyoming Thursday and Friday. As a result, market participants are on edge expecting guidance as to how dovish or hawkish the Fed will be for the remainder of the year.

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