

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	3.007 (14.2 bps)	Bond Buyer 40 Yield:	4.68 (6 bps)
6 Mo. T-Bill:	3.530 (22.8 bps)	Crude Oil Futures:	86.79 (-0.08)
1 Yr. T-Bill:	3.599 (18.7 bps)	Gold Spot:	1,716.83 (4.64)
2 Yr. T-Note:	3.556 (16.9 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.598 (17.3 bps)	US High Yield:	8.24 (-30 bps)
5 Yr. T-Note:	3.435 (14.2 bps)	BB:	6.68 (-27 bps)
10 Yr. T-Note:	3.310 (12.0 bps)	B:	8.48 (-33 bps)
30 Yr. T-Bond:	3.447 (10.4 bps)		

The European Central Bank raised interest rates from 0% to 0.75% last week in an attempt to curb inflation. A rate increase that large is rare for the ECB and the most it has ever raised interest rates in a single hike. Eurozone inflation is higher than in the US, increasing 9.1% in August as energy prices are surging in the eurozone amid the war in Ukraine. On Thursday, Fed Chairman Jerome Powell reiterated the Fed's commitment to curb inflation in the US, setting the stage for another 0.75% rate hike later this month. Shorter-term yields climbed on his remarks. St. Louis Fed President James Bullard also said last week that Wall Street is underestimating a scenario in which interest rates have to stay higher for longer to bring inflation back to 2%. The market expects rate cuts beginning in the middle of next year. The next reading of the Consumer Price Index will be released Tuesday. Economic data released last week showed the ISM Services Index beat expectations in August and that economic activity in the services sector continues to expand. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: August CPI MoM (-0.1%, 0.0%), August CPI YoY (8.0%, 8.5%); Wednesday: September 9 MBA Mortgage Applications (N/A, -0.8%), August PPI Final Demand MoM (-0.1%, -0.5%); Thursday: September 10 Initial Jobless Claims (225k, 222k), August Retail Sales Advance MoM (0.0%, 0.0%), August Industrial Production MoM (0.1%, 0.6%), September Empire Manufacturing (-15.0, -31.3); Friday: September Preliminary U. of Mich. Sentiment (59.8, 58.2).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	32,151.71 (2.72%)	Strong Sectors:	Cons. Discretionary, Materials, Financials
S&P 500:	4,067.36 (3.68%)	Weak Sectors:	Cons. Staples, Info. Tech., Energy
S&P Midcap:	2,498.05 (4.42%)	NYSE Advance/Decline:	2,432 / 1,000
S&P Smallcap:	1,193.69 (2.76%)	NYSE New Highs/New Lows:	76 / 333
NASDAQ Comp:	12,112.31 (4.15%)	AAll Bulls/Bears:	18.1% / 53.3%
Russell 2000:	1,882.85 (4.07%)		

Equities finished last week in the green as S&P 500 index returned 3.68%. Continued strength in the U.S. consumer and a dovish posture from some Fed members fueled risk on appetites in equities. Federal Reserve Vice Chair Lael Brainard released comments warning about the risks of the Fed over tightening. These overtightening warnings were viewed as a more dovish posture by market participants even though the content Brainard put forward was about as hawkish as other statements from the Fed. No matter, risk on names rallied on optimism that the U.S. economy can remain stronger than previously thought. Bank of America released consumer spending data showing total payments were up 13% and credit/debit card payments were 11% higher year over year in August. This was welcomed news to equities, as the odds of a recession keep getting pushed out as long as consumer spending trends and employment remain strong. **ADT Inc.**, one of U.S.'s largest home security companies, announced that **State Farm Insurance** is planning on making a \$1.2b equity investment to leverage their technology, and its relationship with Google, to advance home security product and technology innovation. ADT shares rallied over 16.36% last week fueled by their investor news. **Regeneron Pharmaceuticals** rallied 24.75% last week after announcing Aflibercept, a drug designed to treat both diabetic and age-related macular eye degeneration, had shown very positive data in two phase III trials. To put some perspective on the value of these results, Regeneron added \$15.4b in market cap last week. Looking ahead to next week all eyes will be focused on inflation data as CPI is expected to be released Tuesday and PPI expected on Wednesday. According to Bloomberg's economists survey, expectations are 8.0% year over year growth in CPI and 8.8% year over year growth in PPI, these are important data points for future Fed rate hikes and are likely going to move equity markets as a result.

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