

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	5.448 (-3.7 bps)	Bond Buyer 40 Yield:	5.30 (27 bps)
6 Mo. T-Bill:	5.520 (-3.5 bps)	Crude Oil Futures:	88.75 (+1.06)
1 Yr. T-Bill:	5.381 (0.4 bps)	Gold Spot:	1,981.40 (+48.58)
2 Yr. T-Note:	5.073 (1.9 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.915 (9.8 bps)	U.S. High Yield:	9.58 (34 bps)
5 Yr. T-Note:	4.858 (21.9 bps)	BB:	8.20 (32 bp)
10 Yr. T-Note:	4.914 (30.1 bps)	B:	9.74 (32 bps)
30 Yr. T-Bond:	5.080 (32.2 bps)		

Treasury yields were mostly higher on the week following strong economic data releases that suggest the Fed may hold rates higher for longer. Yields spiked on Tuesday, ending at more than 16-year highs after strong retail sales and industrial production data. Retail sales rose 0.7%, easily beating consensus estimates of a 0.3% gain as sales rose in eight of the thirteen major categories for the month. Industrial production surprised to the upside in September, posting a gain of 0.3% compared to consensus expectations of 0.0%. Industrial activity has been accelerating recently, rising at a 5.2% annualized pace in the past three months versus 0.1% in the past year. On Wednesday, the U.S. economy continued to show its resiliency after data showed that housing starts increased 7.0% in September. In remarks made on Thursday, Powell said that the central bank is “attentive” to the recent strong economic data and that more interest rate hikes may be needed if the trend continues. Yields ultimately pulled back on Friday amidst the rising geopolitical tensions in the Middle East, though the 10-year ended with its biggest weekly rise since April. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: October Preliminary S&P Global US Manufacturing PMI (49.4, 49.8); Wednesday: October 20 MBA Mortgage Applications (n/a, -6.9%), September New Home Sales (682k, 675k); Thursday: 3rd Quarter Advance GDP Annualized QoQ (4.3%, 2.1%), September Preliminary Durable Goods Orders (1.5%, 0.1%), October 21 Initial Jobless Claims (208k, 198k); Friday: September Personal Income (0.4%, unch), September Personal Spending (0.5%, 0.4%), October Final University of Michigan Sentiment (63.0, unch).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow®	33,127.28 (-1.57%)	Strong Sectors:	Consumer Staples, Energy, Communication Services
S&P 500®	4,224.15 (-2.38%)	Weak Sectors:	Real Estate, Cons Discretionary, Information Technology
S&P MidCap 400®	2,393.28 (-2.02%)	NYSE Advance/Decline:	732 / 2,278
S&P SmallCap 600®	1,093.47 (-1.72%)	NYSE New Highs/New Lows:	85 / 559
Nasdaq Composite®	12,983.81 (-3.16%)	AAll Bulls/Bears:	34.1% / 34.8%
Russell 2000®	1,680.79 (-2.25%)		

Volatility shook the markets last week as stocks fell with the rising concern that the Israel-Hamas war will spread throughout the Middle East. The S&P 500 had a weekly loss of -2.4% that was capped off by Friday’s more than -1% move to the downside. Oil breached \$90 a barrel on Friday before closing at just under \$89. Investors have flocked to the safe haven of gold, pushing the price to close to \$2,000 per ounce. Risk appetite was also evident in the selloff in bonds which pushed the 10-year rate to almost 5% to close out the week. As future uncertainty on the geopolitical front was the main driver of stock performance for the week, investors still digested a slew of corporate earnings reports. Around 90 companies in the S&P 500 have released earnings so far this period. According to Bloomberg, 74% have beat analyst estimates compared to 78% a year ago. After years of focusing only on growth, **Netflix Inc.**, reported quarterly results and highlighted subscriber growth that was well ahead of expectations. The company said it will now raise prices for some customers in the US, UK, and France signaling management’s faith that password crackdowns would result in new and loyal subscribers. Looking at the S&P 500 sectors, only 2 of the 11 groups posted positive returns for the week. Consumer Staples names, led by frozen potato maker **Lamb Weston**, and Energy stocks eked out sub 1% gains. Interest rate-sensitive Real Estate stocks had the worst return in the index with communication tower operator **Crown Castle** and storage REIT **Public Storage** lagging the index on an absolute basis. Looking ahead to next week, domestic economic data points in the form of housing, jobs, and GDP are set for release. Abroad, the world will be focused on Gaza and how global superpowers will, directly and indirectly, aid the warring parties to their own benefit.

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