

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	5.507 (6.1 bps)	Bond Buyer 40 Yield:	5.12 (7 bps)
6 Mo. T-Bill:	5.583 (4.2 bps)	Crude Oil Futures:	82.79 (-8.00)
1 Yr. T-Bill:	5.422 (-2.7 bps)	Gold Spot:	1,833.01 (-15.62)
2 Yr. T-Note:	5.081 (3.8 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.887 (8.8 bps)	US High Yield:	9.37 (41 bps)
5 Yr. T-Note:	4.757 (14.8 bps)	BB:	8.02 (37 bps)
10 Yr. T-Note:	4.801 (23.0 bps)	B:	9.55 (48 bps)
30 Yr. T-Bond:	4.968 (26.8 bps)		

Treasury yields rose significantly over the course of the week as investors speculated that the Federal Reserve Bank may need to keep rates higher for longer. On Monday and Tuesday, Fed officials Michael Barr and John Williams implied that interest rates would need to stay elevated for some time, while Loretta Mester and Michelle Bowman suggested additional rate hikes. This caused Treasury yields to begin the week up significantly, despite elected officials in the Federal government reaching a deal to temporarily avoid a government shutdown over the previous weekend. However, late Tuesday afternoon, the House of Representatives voted to remove Kevin McCarthy from Speaker of the House, which increased uncertainty within the budget negotiations and within the markets. After The 10-year Treasury yield briefly reached its highest number since October of 2007 on Wednesday, yields pulled back moderately by the end of Thursday. However, yields rose moderately again on Friday as the September Change in Nonfarm payrolls came in at 336k, significantly above expectations of 170k. The 30-year Treasury yield briefly exceeded 5.00% before settling back down below that threshold. With longer duration yields rising much more significantly than shorter duration yields this week the yield curve inversion is the smallest it has been since October of 2022, at only 28-basis-points. The market implied probability of a interest rate hike by the Fed by the December meeting increased from 39% at the beginning of the week to 48% by the end of the week. Meanwhile, Oil dropped 9% over the course of the week. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: August Final Wholesale Inventories (-0.1%, -0.1%); Wednesday: October 6 MBA Mortgage Applications (n/a, -6.0%), September PPI Final Demand MoM (0.3%, 0.7%); Thursday: September CPI MoM (0.3%, 0.6%), September CPI YoY (3.6%, 3.7%), October 7 Initial Jobless Claims (212k, 207k); Friday: October Prelim. U. of Michigan Sentiment (67.4, 68.1).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow [®] :	33,407.58 (-0.24%)	Strong Sectors:	Communication Services, Info Tech, Health Care
S&P 500 [®] :	4,308.50 (0.52%)	Weak Sectors:	Energy, Utilities, Consumer Staples
S&P MidCap 400 [®] :	2,455.43 (-1.84%)	NYSE Advance/Decline:	755 / 2,275
S&P SmallCap 600 [®] :	1,124.00 (-2.33%)	NYSE New Highs/New Lows:	55 / 642
Nasdaq Composite [®] :	13,431.34 (1.62%)	AAll Bulls/Bears:	30.1% / 41.6%
Russell 2000 [®] :	1,745.56 (-2.19%)		

The S&P 500 Index returned 0.52% last week after four straight weeks of declines as the index posted its worst month of the year in September with a 4.77% decline which followed a 1.59% decline in August. The index is still up 13.66% YTD, though pressure has mounted on equities since the end of July when the index hit 4,588.96, its closing high of the year. While inflation has declined from its high in 2022, it remains above the Fed's target and CPI has even increased over the last couple of months. In the Fed's attempt to combat inflation, it has increased their upper bound Federal Funds Target Rate to 5.50% in hopes of slowing the economy down. However, economic data has remained strong, increasing the potential of another rate hike by the end of the year which increases the headwinds for stocks. Economic data impacting equities from last week included the JOLTS job openings which came in much higher than expected in August, nonfarm payrolls reported at 336K which was well above the 170K expected, and low U.S. initial jobless claims with 207K reported last week. Most sectors were in negative territory last week with communication services, information technology, and health care posting the only positive returns. Financials stock **MarketAxess Holdings Inc.**, which operates an electronic platform for bond trading, was the best performer in the S&P 500 Index last week returning 11.74% as UBS initiated coverage of the stock last week with a buy rating. Electric utility stock **The AES Corp** was the worst performing stock in the index, declining 18.09% last week. UBS downgraded its rating on the stock and cut its price target last week as their borrowing costs will be affected by the continued high interest rates. Earnings announcements expected this week include **JPMorgan Chase & Company**, **Wells Fargo & Company**, **BlackRock Inc.**, **Citigroup Inc.**, **UnitedHealth Group Inc.**, **PepsiCo Inc.**, **Delta Air Lines Inc.**, among others.

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