

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	4.693 (8.0 bps)	Bond Buyer 40 Yield:	4.40 (-1 bps)
6 Mo. T-Bill:	4.857 (16.5 bps)	Crude Oil Futures:	75.67 (+6.41)
1 Yr. T-Bill:	4.591 (36.8 bps)	Gold Spot:	1,969.28 (-8.93)
2 Yr. T-Note:	4.025 (25.9 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.788 (21.0 bps)	US High Yield:	8.57 (-39 bps)
5 Yr. T-Note:	3.573 (16.6 bps)	BB:	6.84 (-51 bps)
10 Yr. T-Note:	3.468 (9.1 bps)	B:	8.91 (-29 bps)
30 Yr. T-Bond:	3.650 (0.6 bps)		

U.S. Treasury Bond yields were up across the yield curve last week as market tensions over the banking sector appeared to have simmered. All eyes were on economic data reported at the back half of the week. On Thursday, real fourth quarter GDP was revised lower to 2.6% from a prior estimate and consensus expected 2.7% annual rate. Contributions came from inventories, consumer spending, and government purchases. While home building corporate profits weighed on GDP. The PCE deflator, the Federal Reserve's preferred inflation indicator, rose 0.3% in February and is up 5.0% versus last year. Friday's inflation data indicated that despite the recent banking turmoil, the Federal Reserve still has work to do to combat inflation. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: March Final S&P Global US Manufacturing PMI (49.3, 49.3), March ISM Manufacturing (47.5, 47.7), March ISM Prices Paid (51.2, 51.3); Tuesday: February Factory Orders (-0.5%, -0.6%), February Final Durable Good Orders (n/a, -1.0%); Wednesday: March 31 MBA Mortgage Applications (n/a, 2.9%), March ADP Employment Change (210k, 242k), February Trade Balance (-\$68.7b, -\$68.3b) March ISM Services Index (54.5, 55.1); Thursday: April 1 Initial Jobless Claims (200k, 198k), March 25 Continuing Claims (n/a, 1689k); Friday: March Change in Nonfarm Payrolls (240k, 311k), March Unemployment Rate (3.6%, 3.6%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	33,274.15 (3.22%)	Strong Sectors:	Energy, Cons. Discretionary, Real Estate
S&P 500:	4,109.31 (3.50%)	Weak Sectors:	Cons. Staples, Health Care, Comm. Services
S&P Midcap:	2,512.16 (4.56%)	NYSE Advance/Decline:	2,792 / 411
S&P Smallcap:	1,182.07 (3.75%)	NYSE New Highs/New Lows:	123 / 103
NASDAQ Comp:	12,221.91 (3.38%)	AAll Bulls/Bears:	22.5% / 45.6%
Russell 2000:	1,802.48 (3.96%)		

Equities rallied hard last week as the S&P 500 returned 3.50% after the Fed's preferred inflation measure, PCE deflator, showed continued softening of inflation. This helped propel equities to close the first quarter strong as the S&P 500 returned 7.48% last quarter. Combine this with 4Q22 and the S&P 500 has returned 15.60% over the last 6 months. This flies in the face of the AAll Bull/Bear indicator which has mostly been below 25% bullish and mostly above 50% bearish over the last 6 months. Inflation concerns continue to keep investors bearish, however, inflation has continued to soften while job losses have remained minimal. This is good news for those who believe a soft landing is a possible outcome by the Fed actions and more fodder for those who believe the economy is in deep trouble with possibly entrenched high inflation. The axiom of truth being somewhere in the middle is likely good advice for equity investors. Our economics team believes a mild recession is likely as the monetary policies and fiscal spending during COVID continue to keep inflation elevate further tightening from the Fed. Energy was the strongest performing sector last week, after being bid down with banking concerns fueling recessionary worries. Oil prices grew from \$69.26 up to \$75.67 to close Friday. OPEC+ met over the weekend and announced surprise production cuts which will likely fuel higher oil prices into next week. Consumer discretionary names were strong last week as positive trends in inventories and consumer confidence numbers were announced. **Lululemon Athletica Inc.** rallied 16.19% last week after forecasting strong product demand and increasing their annual outlook for 2023 beating sell side expectations. Chinese internet consumer giant **Alibaba Group Holdings** rallied 17.58% after the company announced a plan to split into six groups with each group possibly looking to IPO. Looking ahead to next week, expect to see early 1Q23 earnings releases trickle in from **Conagra Brands**, **Constellation Brands** and **Lamb Weston**.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.