

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	5.217 (6.5 bps)	Bond Buyer 40 Yield:	4.58 (20 bps)
6 Mo. T-Bill:	5.287 (20.3 bps)	Crude Oil Futures:	71.55 (+1.51)
1 Yr. T-Bill:	4.978 (24.4 bps)	Gold Spot:	1,977.81 (-32.96)
2 Yr. T-Note:	4.266 (27.9 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.950 (29.5 bps)	US High Yield:	8.77 (12 bps)
5 Yr. T-Note:	3.732 (28.6 bps)	BB:	7.15 (13 bps)
10 Yr. T-Note:	3.673 (21.0 bps)	B:	9.05 (10 bps)
30 Yr. T-Bond:	3.927 (13.8 bps)		

U.S. Treasury bond yields increased across the yield curve last week as comments from Federal Reserve officials and debt-ceiling negotiations dominated the headlines. Early in the week, politicians on both sides of the aisle in Washington D.C. indicated that progress was being made towards an agreement prior to the debt-ceiling deadline. Negotiations appeared to have deteriorated on Friday, stoking U.S. default fears. The reported “pause” in debt-ceiling negotiations on Friday stole headlines away from comments made by U.S. Federal Reserve Chair Jerome Powell. On Friday, during a panel discussion at a research conference in Washington D.C., current Fed Chair Jerome Powell indicated that the benchmark interest-rate target range might not need to rise due to banks tightening credit standards. Chair Powell also indicated that the Fed hasn’t decided on additional rate hikes in the future and bringing down inflation will be a slow process. In reaction to the Fed Chair’s comments, Fed fund futures indicated the likelihood of June Fed rate hike decreased over 20%, from 35.6% on Thursday to 14.5% post-Powell comments on Friday. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: May Preliminary S&P Global US Manufacturing PMI (50.0, 50.2), May Preliminary S&P Global US Services PMI (52.6, 53.6), May Preliminary S&P Global US Composite PMI (N/A, 53.4), and April New Homes Sales (664k, 683k); Wednesday: May 19 MBA Mortgage Applications (N/A, -5.7%) and May 3 FOMC Meeting Minutes (N/A, N/A); Thursday: May 20 Initial Jobless Claims (249k, 242k), May 13 Continuing Claims (1800k, 1799k), 1Q Second GDP Annualized QoQ (1.1%, -5.2%), and 1Q Second Core PCE QoQ (4.9%, 4.9%); Friday: April Personal Income (0.4%, 0.3%), April Personal Spending (0.4%, 0.0%), April Preliminary Durable Goods Orders (-1.0%, 3.2%), and May Final University of Michigan Sentiment (58.0, 57.7).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow <sup>®</sup> :	33,426.63 (0.50%)	Strong Sectors:	Info Tech, Comm Services, Consumer Discretionary
S&P 500 <sup>®</sup> :	4,191.98 (1.71%)	Weak Sectors:	Utilities, Real Estate
S&P MidCap 400 <sup>®</sup> :	2,455.89 (1.00%)		Consumer Staples
S&P SmallCap 600 <sup>®</sup> :	1,144.79 (2.29%)	NYSE Advance/Decline:	1,814 / 1,320
Nasdaq Composite <sup>®</sup> :	12,657.90 (3.08%)	NYSE New Highs/New Lows:	160 / 188
Russell 2000 <sup>®</sup> :	1,773.72 (1.93%)	AAll Bulls/Bears:	22.9% / 39.7%

The S&P 500 Index returned 1.71% last week as it continued its defiance of negative headlines and declining sentiment, hitting a new 2023 closing high of 4,198.98 last Thursday. Though still down over 10% from its all-time closing high of 4,796.56 on January 3, 2022, the index has regained more than half of its 2022 slide since hitting its closing low of 3,577.03 on October 12, 2022. High inflation and rising interest rates have been a primary concern for equity markets as investors weigh their impact on future economic activity and growth. Last week the Empire State Manufacturing Survey which tracks sentiment among New York manufacturers reported its largest decline in three years with many respondents reporting that conditions had worsened over the last month. However, the US consumer has proven to be resilient in this higher price and borrowing cost environment as US retail sales increased in April, though lower than expected. U.S. initial jobless claims were reported at 242K last week, lower than the consensus estimate of 251K and previous week’s claims of 264K. Equity markets were led higher by the information technology sector last week with strong performances by semiconductor stocks **Micron Technology Inc.**, **Lam Research Inc.**, **Advanced Micro Devices Inc.**, **NVIDIA Corp.**, and software stocks **ServiceNow Inc.**, **Synopsys Inc.**, and **Adobe Inc.**, with all seven stocks posting double-digit returns. **Zion Bancorp NA** was the best performing stock in the S&P 500 Index last week with a 21.22% return, followed by **Comerica Inc.** with a 19.92% return, as regional banks continue to recover from the recent crisis. **First Solar Inc.** was the worst performing name in the index last week, declining 12.15% as the solar modules manufacturer gave back some of its previous week’s gains. The stock jumped over 26% on Friday, May 12, as new guidance was issued on the Inflation Reduction Act’s clean energy tax credits that benefit companies that manufacture solar panels domestically and source US components. Earnings announcements expected this week include **NVIDIA Corp.**, **Intuit Inc.**, **Lowe’s Companies Inc.**, **Analog Devices Inc.**, **AutoZone Inc.**, **Dollar Tree Inc.**, among others.

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