

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	5.051 (-6.1 bps)	Bond Buyer 40 Yield:	4.26 (-5 bps)
6 Mo. T-Bill:	4.717 (-14.0 bps)	Crude Oil Futures:	67.67 (-5.88)
1 Yr. T-Bill:	4.093 (-31.0 bps)	Gold Spot:	2,497.41 (-5.98)
2 Yr. T-Note:	3.646 (-27.0 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.526 (-25.2 bps)	US High Yield:	7.52 (5 bps)
5 Yr. T-Note:	3.485 (-21.8 bps)	BB:	6.17 (3 bps)
10 Yr. T-Note:	3.708 (-19.5 bps)	B:	7.50 (18 bps)
30 Yr. T-Bond:	4.018 (-17.7 bps)		

Treasury yields dropped significantly over the course of the week as investors took a risk off approach to equities, seeking the perceived safety of Treasuries due to concerns over the economy. The concerns began on Tuesday as data released for Global US Manufacturing PMI and ISM Manufacturing both fell short of expectations, causing Treasury yields to drop moderately. This drop in yields accelerated on Wednesday as investors began to become pessimistic with regards to job creation, which the Federal Reserve Bank is emphasizing, leading to expectations of a quicker pace in cuts to the Federal Funds Rate. On Thursday, yields continued their downward trend, albeit slightly, as Initial Jobless Claims of 227k, were in line with expectations of 230k. However, yields then dropped moderately again on Friday as the change in nonfarm payrolls was reported at only 142k, compared to expectations of 165k, as investors fear that actions taken by the Fed to help the economy may not be enough or too late. The market expects at least one 25-basis-point rate cut at the September 18<sup>th</sup> meeting and is pricing in a 33% probability of a 2<sup>nd</sup> cut, which is essentially unchanged from the week prior. However, the market implied Federal Funds Rate at the end of 2024 dropped from 4.33 to 4.18 over the course of the week. Oil dropped 8.0% on global concerns for economic growth. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Wednesday: September 6 MBA Mortgage Applications (n/a, 1.6%), August CPI MoM (0.2%, 0.2%) and YoY (2.6%, 2.9%); Thursday: August PPI Final Demand MoM (0.2%, 0.1%) and YoY (1.8%, 2.2%), September 7 Initial Jobless Claims (230k, 227k); Friday: September Prelim. University of Michigan Sentiment (68.0, 67.9).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow <sup>®</sup> :	40,345.41 (-2.90%)	Strong Sectors:	Consumer Staples, Real Estate, Utilities
S&P 500 <sup>®</sup> :	5,408.42 (-4.22%)	Weak Sectors:	Information Technology, Energy, Comm Services
S&P MidCap 400 <sup>®</sup> :	2,939.41 (-4.89%)	NYSE Advance/Decline:	842 / 2,021
S&P SmallCap 600 <sup>®</sup> :	1,338.28 (-5.23%)	NYSE New Highs/New Lows:	437 / 136
Nasdaq Composite <sup>®</sup> :	16,690.83 (-5.75%)	AAII Bulls/Bears:	45.3% / 24.9%
Russell 2000 <sup>®</sup> :	2,091.41 (-5.67%)		

The S&P 500 Index returned -4.22% last week, its worst week since March of 2023. The index which has been on a steady rise throughout 2024, with only a few declines during April, July, and early August, had posted a 19.53% return for the first eight months. However, last week's deterioration has the index sitting on a 14.48% return year-to-date. The index marked four negative daily returns for the shortened trading week due to the Labor Day observance last Monday. Tuesday showed the largest decline of the week as the index returned -2.11%, with the information technology sector leading the way down. The index continued to show weakness the remainder of the week with another large decline of 1.71% on Friday. The worst sector performance of the week was posted by information technology which could largely be attributed to the semiconductor industry performance. Stocks such as **NVIDIA Corp**, **Broadcom Inc.**, **Intel Corp**, **KLA Corp**, **Monolithic Power Systems**, and **ON Semiconductor Corp**, all declined over 12.5% and all six were in the ten worst performing stocks in the S&P 500 Index for the week. Equity markets reflected the weakness that was evident in last week's data, increasing concerns over future economic growth. Relevant economic data in question included ISM Manufacturing, and jobs data such as ADP Employment Change and US Nonfarm Payrolls, all coming in lower than expected. Investors have been waiting for the Fed to begin their monetary policy easing and are hopeful for the cut to come at the FOMC September meeting. However, concerns continue to rise that they may have waited too long considering these signs of economic weakness. **MarketAxess Holdings Inc.**, a fixed-income securities electronic trading platform operator, returned 5.97% last week, posting the best performance in the S&P 500 Index on their positive earnings release. Discount chain store operator **Dollar Tree Inc.**, posted the worst performance in the S&P 500 Index, returning -21.29% last week. The stock fell on their poor earnings release. Earnings announcements expected this week include **Oracle Corp**, **Adobe Inc.**, **The Kroger Company**, **GameStop Corp**, **RH**, **Signet Jewelers Limited**, **Dave & Buster's Entertainment**, among others.

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