

US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	4.292 (0.5 bps)	Bond Buyer 40 Yield:	4.72 (20 bps)
6 Mo. T-Bill:	4.217 (-1.1 bps)	Crude Oil Futures:	69.36 (1.08)
1 Yr. T-Bill:	4.031 (0.0 bps)	Gold Spot:	3,085.12 (62.97)
2 Yr. T-Note:	3.912 (-3.6 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.897 (-2.5 bps)	US High Yield:	7.81 (18 bps)
5 Yr. T-Note:	3.979 (-2.4 bps)	BB:	6.53 (14 bps)
10 Yr. T-Note:	4.249 (0.3 bps)	B:	8.00 (21 bps)
30 Yr. T-Bond:	4.629 (4.0 bps)		

Treasury yields changed relatively little last week despite waning consumer sentiment. The core PCE price index, the Fed's preferred inflation metric, rose 2.8% in February from a year ago, well ahead of the Fed's 2% target. The index increased 0.4% from the prior month, both of which were higher than expected. The core index excludes food and energy prices. The report highlighted inflation's continued stubbornness. Meanwhile, consumer sentiment continued to worsen, declining for a third straight month in March. The March reading of the University of Michigan's Consumer Sentiment Index fell to a two-year low, while long-term inflation expectations jumped to a three-decade high on worries that tariffs will lead to higher prices. Long-term inflation expectations rose to a 4.1% annual rate, the highest since February 1993, although the Fed considers the Michigan survey an outlier among long-term inflation expectations. Real personal spending also missed expectations in February, rising just 0.1%. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: March MNI Chicago PMI (45.0, 45.5); Tuesday: March ISM Manufacturing (49.5, 50.3), March Final S&P Global US Manufacturing PMI (49.8, 49.8); Wednesday: March ADP Employment Change (120k, 77k), February Final Durable Goods Orders (0.9%, 0.9%), March 28 MBA Mortgage Applications (N/A, -2.0%), February Factory Orders (0.5%, 1.7%); Thursday: March 29 Initial Jobless Claims (225k, 224k), February Trade Balance (-\$123.4b, -\$131.4b), March ISM Services Index (53.0, 53.5); Friday: March Change in Nonfarm Payrolls (138k, 151k), March Unemployment Rate (4.1%, 4.1%).

US Equities

Weekly Index Performance:

Market Indicators:

The Dow®	41,583.90 (-0.96%)	Strong Sectors:	Cons. Staples, Energy
S&P 500®	5,580.94 (-1.52%)		Real Estate
S&P MidCap 400®	2,915.07 (-1.03%)	Weak Sectors:	Industrials, Comm. Services
S&P SmallCap 600®	1,271.75 (-1.21%)		Info Tech
Nasdaq Composite®	17,322.99 (-2.59%)	NYSE Advance/Decline:	1,004 / 1,832
Russell 2000®	2,023.27 (-1.62%)	NYSE New Highs/New Lows:	112 / 204
		AAll Bulls/Bears:	27.4% / 52.2%

The S&P 500 fell 1.52% in a volatile week. The week started with reports that Trump's tariffs would be more focused than assumed, sending stocks higher. However, the details of the actual order signed by Trump on Wednesday, which levied a 25% tariff on auto imports, spooked investors about further trade war escalations and the market retracted. Stocks fell further to end the week as data about U.S. consumer sentiment came in cooler than expected even as data about inflation expectations proved higher than expected. Defensive sectors such as Consumer Staples and Real Estate saw positive returns during the selloff; the Food Products industry performed best among industries in the former sector while Health Care REITs performed best among industries in the latter sector. The Energy sector rose along with oil prices for the week. The Communication Services sector was dragged lower by Interactive Media industry giant **Alphabet Inc.**, as investors worried that its search business could see competition from AI assistants. Semiconductors were the worst-performing industry in a falling information technology sector, with **NVIDIA Corp.** and **Broadcom Inc.** falling the most among semiconductors as investors worried about retaliatory tariffs from China on chips. In other news, the preliminary S&P Global Composite PMI data for March came in higher than expected, registering a 53.5 figure versus the 50.9 in the survey. The Philadelphia Fed Non-Manufacturing Activity number for March was -32.5. The Conference Board Consumer Confidence Expectations figure was 92.9, lower than the 94 expected. The preliminary Durable Goods Orders figure for February was an expected 1% fall, but the actual figure was a positive 0.9%. Personal Income for February saw an 0.8% increase, above the 0.4% figure expected, though Personal Spending came in below the 0.5% expected figure at 0.4% for February. The University of Michigan Sentiment survey was 57.0, weaker than the 57.9 figure expected. The University of Michigan 1 Year Inflation Expectations was 5.0%, higher than 4.9% expected; the 5-10 Year Inflation Expectation figure was also higher, coming in at 4.1% versus the 3.9% figure expected. Upcoming this week there will be plenty of news for investors to digest; on the economic front, JOLTS Job Openings and Quits Rate for February, ISM Manufacturing for March, Factory Orders for February, March Changes in Nonfarm Payrolls, Unemployment, and data on earnings growth. On the earnings front, only two members of the S&P 500 are expected to announce quarterly earnings next week, food products companies **Conagra Brands Inc** and **Lamb Weston Holdings Inc**.

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