

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	4.243 (-4.9 bps)	Bond Buyer 40 Yield:	4.47 (-25 bps)
6 Mo. T-Bill:	4.082 (-13.5 bps)	Crude Oil Futures:	61.99 (-7.37)
1 Yr. T-Bill:	3.825 (-20.6 bps)	Gold Spot:	3,038.24 (-64.88)
2 Yr. T-Note:	3.652 (-26.0 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.634 (-26.3 bps)	U.S. High Yield:	8.46 (65 bps)
5 Yr. T-Note:	3.709 (-27.0 bps)	BB:	6.98 (45 bps)
10 Yr. T-Note:	3.994 (-25.5 bps)	B:	8.72 (72 bps)
30 Yr. T-Bond:	4.409 (-22.0 bps)		

Treasury yields saw massive declines across the board last week, due to escalating trade tensions following President Trump's announcement of new tariffs. These tariffs include a 10% global tariff, set to take effect on April 5th, and additional country-specific tariffs for approximately 60 nations, starting on April 9th. The ISM Manufacturing report showed the first contractionary reading this year, falling below 50.0 to 49.0. All major measures of activity moved lower, with the index for new orders falling to the lowest level since May 2023. The February trade deficit in goods and services shrank to \$122.7 billion, driven by an \$8.0 billion increase in exports and a slight decrease in imports. Despite the decline, the monthly trade deficit remains well above last year's level due to ongoing tariff-related front-loading. After adjusting for inflation, the real goods trade deficit is \$46.6 billion higher than it was a year ago. On Friday, the 10-year Treasury yield plunged well below 4% as investors sought safety in Treasuries following China's announcement of a 34% tariff on all U.S. goods, mirroring President Trump's tariff rate announced a few days earlier. March's nonfarm payrolls report contained encouraging news. Nonfarm payrolls increased by 228,000 for the month, and even after substantial downward revisions to previous reports, they posted a solid gain of 180,000—surpassing the consensus forecast of 140,000. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Wednesday: April 4th MBA Mortgage Applications (N/A, -1.6%), February Final Wholesale Inventories MoM (0.4%, 0.3%); Thursday: March CPI MoM (0.1%, 0.2%), March CPI YoY (2.6%, 2.8%), April 5th Initial Jobless Claims (224k, 219k), March 29th Continuing Claims (1884k, 1903k); Friday: March PPI Final Demand MoM (0.2%, 0.0%), April Preliminary University of Michigan Sentiment (54.0, 57.0).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow®	38,314.86 (-7.82%)	Strong Sectors:	Consumer Staples, Utilities, Real Estate
S&P 500®	5,074.08 (-9.05%)	Weak Sectors:	Energy, Info Tech, Financials
S&P MidCap 400®	2,648.54 (-9.08%)		
S&P SmallCap 600®	1,155.99 (-9.01%)		
Nasdaq Composite®	15,587.79 (-9.99%)	NYSE Advance/Decline:	188 / 2,662
Russell 2000®	1,827.03 (-9.63%)	NYSE New Highs/New Lows:	106 / 1,073
		AAll Bulls/Bears:	21.8% / 61.9%

Over \$5 trillion in market value was lost in the S&P 500 as the index dropped over -10% during Thursday and Friday's selloff last week. The index posted its worst decline since March 2020 as investors weighed the global impact of President Trump's newly imposed tariffs that were announced on Wednesday. On Friday, Federal Reserve Chairman Jerome Powell said the tariffs "could have a persistent impact on inflation." Before Wednesday's announcement, the market had been expecting multiple interest rate cuts this year. The uncertainty caused by the impending trade war has also left the M&A and IPO market in limbo as some of the biggest deals have been put on hold, according to the Wall Street Journal. Across all size classes, the tariffs roiled indexes from large to small. The S&P 400 MidCap index and small-cap focused Russell 2000 both traded lower by over -9%. Defensive sectors consumer staples and utilities were the market leaders last week as all 11 S&P 500 groups traded lower. Discretionary names were more mixed. Discount retailers **Ross Stores** and **TJX Companies** were two of the 23 stocks that traded higher last week. Retailers with heavy international exposure, such as **Nike** and **Lululemon**, were penalized on Thursday but gained on Friday after President Trump said Vietnam was willing to make a deal to eliminate tariffs to avoid the United States reciprocal levies. Commodities also sold off last week led by a surprise shift in policy from OPEC+. The alliance unexpectedly increased oil supply by three times the planned amount. The shock was described as an effort to penalize member countries who have been producing above their limits. Looking ahead to next week, FOMC meeting minutes from the Federal Reserve's March meeting is set for release along with CPI, PPI, and jobs data.

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