

Open-End Net Fund Flows (\$)	8/17	7/17	YTD (Aug)
Equity	-16.51B	-13.78B	-66.91B
Taxable Bond	16.50B	18.17B	155.34B
Municipal Bond	3.84B	2.26B	21.43B
Hybrid	-4.36B	-2.87B	-20.71B
Taxable Money Market	72.47B	11.06B	-14.66B

Key Interest Rates	9/29/17	12/30/16	9/30/16
Federal Funds Target Rate	1.25%	0.75%	0.50%
LIBOR (3-Month)	1.33%	1.00%	0.85%
2-Year T-Note	1.49%	1.19%	0.76%
10-Year T-Note	2.33%	2.45%	1.60%
Bond Buyer 40	4.03%	4.25%	3.82%

Commodities/U.S. Dollar	9/17	YTD	12 Mo.
U.S. Dollar Index (DXY)	0.44%	-8.93%	-2.49%
TR/CC CRB Commodity Index	1.23%	-4.89%	-1.73%
Crude Oil (Barrel)	9.40%	-3.82%	7.11%
Natural Gas (per million BTUs)	-1.32%	-19.35%	3.09%
Gold Bullion (Ounce)	-2.81%	11.27%	-2.42%

Total Return Performance

U.S. Stock Indices	9/17	YTD	12 Mo.
S&P 500	2.06%	14.24%	18.60%
DJIA	2.16%	15.45%	25.45%
NASDAQ 100	-0.12%	23.99%	24.08%
S&P 400	3.92%	9.40%	17.51%
Russell 2000	6.24%	10.93%	20.71%
Russell 3000	2.44%	13.91%	18.70%

U.S. Styles/Market Caps	9/17	YTD	12 Mo.
S&P 500 Growth	1.11%	19.33%	19.90%
S&P 500 Value	3.28%	8.49%	16.46%
S&P MidCap 400 Growth	3.43%	11.99%	17.27%
S&P MidCap 400 Value	4.44%	6.60%	17.03%
Russell 2000 Growth	5.44%	16.80%	20.95%
Russell 2000 Value	7.08%	5.67%	20.53%

Foreign Stock Indices (USD)	9/17	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	2.59%	19.17%	18.73%
MSCI Emerging Markets NET	-0.40%	27.78%	22.46%
MSCI Europe NET	3.30%	22.79%	22.30%
MSCI BRIC NET	0.90%	32.95%	27.91%
MSCI EM Latin America NET	1.58%	26.71%	25.59%
Nikkei 225	1.90%	12.04%	13.39%

Barclays Bond Indices	9/17	YTD	12 Mo.
U.S. Treasury: Intermediate	-0.60%	1.56%	-0.73%
GNMA 30 Year	-0.10%	1.84%	0.11%
Municipal Bond (22+)	-0.70%	5.83%	0.59%
U.S. Aggregate	-0.48%	3.14%	0.07%
Intermediate Corporate	-0.23%	3.75%	1.84%
U.S. Corporate High Yield	0.90%	7.00%	8.88%
Global Aggregate	-0.90%	6.25%	-1.26%
EM Hard Currency Aggregate	0.05%	8.64%	5.09%

Sources: Bloomberg, Barclays, Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.

Climate

There are many indicators one can track when gauging the current state of the economic/business climate. The consumer is one such indicator, and the arrow is pointing up, in our opinion. The Conference Board's Consumer Confidence Index stood at a reading of 119.80 on 9/30/17, the highest level it has been since 2000. From 9/30/00 through 9/30/17, the average reading for the index was 85.65. We feel it can go higher from here. The high over the past 17 years was 142.52 (9/30/00). In general, we believe consumers have gotten their fiscal houses in order. The S&P/Experian Consumer Credit Default Composite Index stood at 0.86% in August 2017, according to Bloomberg. That is just slightly higher than the all-time low of 0.82% in June 2017. The index commenced in April 2004. It has averaged a reading of 2.01% since its inception. Bring on tax reform!

Stock Market

The S&P 500 Index closed at an all-time high of 2,519.36 on 9/29/17, according to Bloomberg. The index posted a total return of 2.06% in September. It was up 1.93% on a price-only basis. From 1950 through 2016, the average price-only return was -0.50%, according to the **Stock Trader's Almanac**. In September, eight of the 11 major sectors that comprise the S&P 500 Index were up on a total return basis. The top-performer was Energy, up 9.94%, while the worst showing came from Utilities, down 2.74%. Year-to-date through 9/29/17, the S&P 500 Index posted a total return of 14.24%. Nine of the 11 major sectors were up on a total return basis. The top-performer was Information Technology, up 27.36%, while the worst showing came from Energy, down 6.63%. From 11/8/16 (date Donald Trump was elected 45th President) through 9/29/17, the S&P 500 Index posted a total return of 19.92%, according to Bloomberg. All 11 major sectors were up on a total return basis. The top-performer was Financials, up 31.32%, while the worst showing came from Energy, up 1.75%. On a total return basis, the S&P 500 Index has been positive for 11 consecutive months and 18 out of the last 19 months, according to Pension Partners. It noted that the current streak represents the longest since 1958-1959. The longest streak stands at 12 months (1935-1936 & 1949-1950). For the first time in over three years, all three major Dow stock market averages (Dow Jones Industrial Average, Dow Jones Transportation Average and Dow Jones Utility Average) reached new all-time highs in the same month (September), according to Mark Hulbert at MarketWatch. This is a fairly rare event. It has happened in fewer than 4% of months since 1970. Hulbert noted that none of these prior events occurred at a bull market top. In each of those prior occasions, the stock market continued rising for between six to 12 months.

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) stood at 2.33% on 9/29/17, up 21 basis points (bps) from 2.12% on 8/31/17, but 30 bps lower than the 10-year average yield of 2.63%, according to Bloomberg. With interest rates still hovering at such low levels, it is not surprising that some investors are assuming additional credit risk to attain more yield, in our opinion. As indicated in the Barclays Bond Indices table, the U.S. Corporate High Yield Index was the top-performer in September by far. As of 9/29/17, the yield on the index stood at 5.45% (yield to worst). Seven years ago that yield was 7.80% (9/30/10), according to data from Barclays. The silver lining for investors holding high yield corporate bonds is that defaults are on the decline and are expected to go lower. Moody's reported that its global speculative-grade default rate stood at 2.9% in August 2017, according to its own release. It marked the first time the rate had fallen below 3.0% since October 2015. Moody's sees the rate falling to 2.6% by December 2017. Year-to-date through August, a total of 59 Moody's-rated issuers defaulted, down from 111 defaults over the same period a year ago.

Takeaway

Back to the consumer. Deloitte is optimistic about the upcoming holiday shopping season. Its forecast (excluding cars and gasoline) calls for retail sales to increase 4.0-4.5% (Nov.- Jan.) over the same period a year ago, according to *USA TODAY*. It expects total revenue to reach \$1.04 trillion to \$1.05 trillion. Online sales are expected to grow by an estimated 18% to 21%, totaling between \$111 billion and \$114 billion. Store purchases will continue to make up the majority of sales, and are projected to grow between 2.5% and 3.0%.

Data as of 9/29/17

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	2519.36	9/29/2017	676.53	3/9/2009	2519.36	0.00%	14.24%	1.97%
S&P 500 Growth	1441.37	9/29/2017	363.99	3/9/2009	1441.37	0.00%	19.33%	1.60%
S&P 500 Value	1066.46	9/29/2017	307.16	3/9/2009	1066.46	0.00%	8.49%	2.44%
S&P MidCap 400	1795.94	9/29/2017	404.62	3/9/2009	1795.94	0.00%	9.40%	1.57%
S&P MidCap 400 Growth	820.94	9/29/2017	174.44	11/20/2008	820.94	0.00%	11.99%	1.31%
S&P MidCap 400 Value	610.88	9/29/2017	144.98	3/9/2009	610.88	0.00%	6.60%	1.84%
S&P 100	1112.19	9/29/2017	322.13	3/9/2009	1112.19	0.00%	14.05%	2.10%
DJIA	22412.59	9/20/2017	6547.05	3/9/2009	22405.09	-0.03%	15.45%	2.29%
NASDAQ 100	6004.38	9/13/2017	1036.51	11/20/2008	5979.30	-0.42%	23.99%	1.11%
Russell 2000	1490.86	9/29/2017	343.26	3/9/2009	1490.86	0.00%	10.93%	1.35%
Russell 2000 Growth	906.83	9/29/2017	190.73	3/9/2009	906.83	0.00%	16.80%	0.82%
Russell 2000 Value	1856.11	9/28/2017	469.32	3/9/2009	1854.71	-0.08%	5.67%	1.90%
Russell 3000	1495.43	9/29/2017	389.61	3/9/2009	1495.43	0.00%	13.91%	1.88%
MSCI World Net (ex U.S.) (USD)	5869.65	9/20/2017	2131.84	3/9/2009	5857.67	-0.20%	19.17%	3.10%
MSCI Emerging Markets Net (USD)	499.13	9/18/2017	164.51	10/27/2008	485.36	-2.76%	27.78%	2.40%
Ibovespa/Brazil (USD)	44638.24	5/19/2008	9077.09	1/21/2016	23453.46	-47.46%	26.89%	2.68%
RTS/Russia (USD)	2487.92	5/19/2008	498.20	1/23/2009	1136.75	-54.31%	3.13%	5.08%
S&P BSE 500/India (USD)	226.04	1/7/2008	57.52	3/9/2009	208.27	-7.86%	29.71%	1.23%
Shanghai Composite/China (USD)	832.07	6/12/2015	249.66	11/4/2008	504.75	-39.34%	15.18%	1.90%
KOSPI/South Korea (USD)	2.29	10/31/2007	0.63	11/20/2008	2.09	-8.48%	24.90%	1.46%
Hang Seng (USD)	4082.25	10/30/2007	1420.72	10/27/2008	3527.27	-13.59%	28.83%	3.67%
MSCI Euro (USD)	1985.51	10/31/2007	682.47	3/9/2009	1423.17	-28.32%	26.61%	3.07%
S&P 500 Consumer Discretionary	732.96	6/2/2017	125.72	3/9/2009	717.47	-2.11%	11.93%	1.43%
S&P 500 Consumer Staples	588.35	6/5/2017	199.80	3/9/2009	555.39	-5.60%	6.57%	2.90%
S&P 500 Energy	737.09	6/23/2014	304.81	3/5/2009	506.72	-31.25%	-6.63%	3.37%
S&P 500 Utilities	281.62	9/11/2017	113.81	3/9/2009	268.97	-4.49%	11.87%	3.42%
S&P 500 Financials	482.01	10/5/2007	81.74	3/6/2009	429.08	-10.98%	12.48%	1.65%
S&P 500 Banks	376.71	10/5/2007	49.02	3/5/2009	311.58	-17.29%	11.32%	1.91%
FTSE NAREIT All Equity REITs	725.61	8/1/2016	163.57	3/6/2009	673.20	-7.22%	6.03%	3.96%
S&P 500 Health Care	961.72	9/12/2017	252.84	3/5/2009	946.31	-1.60%	20.31%	1.58%
S&P 500 Pharmaceuticals	647.69	8/1/2016	214.50	3/3/2009	634.08	-2.10%	11.91%	2.57%
NYSE Arca Biotechnology	4431.87	7/17/2015	541.77	3/9/2009	4203.32	-5.16%	36.96%	0.36%
S&P 500 Information Technology	1018.40	9/19/2017	198.51	11/20/2008	1018.15	-0.02%	27.36%	1.28%
Philadelphia Semiconductor	1171.74	9/29/2017	171.32	11/20/2008	1171.74	0.00%	30.92%	1.60%
S&P 500 Telecom Services	183.85	7/1/2016	88.10	3/9/2009	162.37	-11.69%	-4.69%	4.82%
S&P 500 Industrials	604.38	9/29/2017	132.83	3/9/2009	604.38	0.00%	14.13%	2.11%
S&P 500 Materials	356.77	9/20/2017	108.33	3/2/2009	356.15	-0.17%	15.82%	2.04%
Philadelphia Gold & Silver	228.95	4/8/2011	38.84	1/19/2016	84.65	-63.03%	7.85%	0.73%
TR/CC CRB Commodity	473.52	7/2/2008	155.01	2/11/2016	183.09	-61.33%	-4.89%	N/A
BofA ML Perpetual Preferred	254.85	9/25/2017	51.79	3/9/2009	254.82	-0.01%	9.70%	5.33%
BofA ML U.S. High Yield Constrained	415.87	9/29/2017	130.37	12/12/2008	415.87	0.00%	7.02%	5.94%

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