

Open-End Net Fund Flows (\$)	7/21	6/21	YTD (Jul)
Equity	-18.29B	-68.55B	-251.04B
Taxable Bond	5.76B	29.49B	243.77B
Municipal Bond	10.17B	9.16B	59.78B
Hybrid	2.10B	-0.84B	-3.02B
Taxable Money Market	-22.14B	-73.95B	190.95B

Key Interest Rates	8/31/21	12/31/20	8/31/20
Federal Funds Target Rate	0.25%	0.25%	0.25%
ICE LIBOR (3-Month)	0.12%	0.24%	0.24%
2-Year T-Note	0.21%	0.12%	0.13%
10-Year T-Note	1.31%	0.92%	0.71%
Bond Buyer 40	3.42%	3.46%	3.57%

Commodities/U.S. Dollar	8/21	YTD	12 Mo.
U.S. Dollar Index (DXY)	0.50%	2.99%	0.53%
Refinitiv/CC CRB Excess Ret.	0.04%	30.02%	42.40%
Crude Oil/WTI (per Barrel)	-7.37%	41.18%	60.76%
Natural Gas (per million BTUs)	12.02%	72.44%	66.54%
Gold Bullion (Ounce)	0.18%	-4.18%	-7.85%

## Total Return Performance

U.S. Stock Indices	8/21	YTD	12 Mo.
S&P 500	3.04%	21.57%	31.15%
DJIA	1.50%	17.04%	26.77%
NASDAQ 100	4.25%	21.49%	29.60%
S&P MidCap 400	1.95%	20.30%	44.75%
Russell 2000	2.23%	15.82%	47.05%
Russell 3000	2.85%	20.38%	33.03%

U.S. Styles/Market Caps	8/21	YTD	12 Mo.
S&P 500 Growth	4.18%	23.59%	30.37%
S&P 500 Value	1.72%	19.22%	33.22%
S&P MidCap 400 Growth	1.44%	14.99%	35.89%
S&P MidCap 400 Value	2.40%	25.69%	54.69%
Russell 2000 Growth	1.82%	6.92%	35.59%
Russell 2000 Value	2.67%	25.41%	59.45%

Foreign Stock Indices (USD)	8/21	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	1.60%	12.42%	26.57%
MSCI Emerging Markets NET	2.62%	2.84%	21.12%
MSCI Europe NET	1.51%	15.59%	29.18%
MSCI BRIC NET	2.18%	-2.87%	8.72%
MSCI EM Latin America NET	0.84%	5.33%	34.73%
Nikkei 225	2.83%	-3.08%	18.73%

Bloomberg Barclays Bond Ind.	8/21	YTD	12 Mo.
U.S. Treasury: Intermediate	-0.17%	-0.54%	-0.70%
GNMA 30 Year	-0.09%	-0.80%	-0.44%
Municipal Bond (22+)	-0.80%	2.60%	5.54%
U.S. Aggregate	-0.19%	-0.69%	-0.08%
Intermediate Corporate	-0.19%	0.07%	1.65%
U.S. Corporate High Yield	0.51%	4.55%	10.14%
Global Aggregate	-0.42%	-2.33%	0.52%
EM Hard Currency Aggregate	0.86%	0.07%	3.62%

Sources: Bloomberg, 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

While the U.S. economy appears to be on the mend from the COVID-19 pandemic, there are more obstacles to overcome, and the Delta variant (Round 2) is one of them. In addition, we still do not know how many households will be impacted once the eviction (renters) and home foreclosure moratoriums (FHA) run out, which, if not extended again federally, are due to end at the close of September 2021. We do not know what the final version of the Biden administration's \$3.5 trillion "human infrastructure" package will encompass, particularly with respect to any of the new taxes/tax increases that will be levied to help pay for it. Stay tuned!

## Stock Market

The S&P 500 Index ("index") closed at 4,522.68 on 8/31/21, 0.13% below its all-time closing high of 4,528.79 on 8/30/21, according to Bloomberg. The S&P 500 Index has not experienced a 5% pullback from its most recent peak in 207 trading sessions, the longest stretch since 2016-2017, when the index went 404 sessions without a 5% decline, according to MarketWatch. There have only been three calendar years in the past 50 where the S&P 500 Index did not endure a 5% pullback, according to *The Wall Street Journal*. The last time that was achieved was 2017. A Bloomberg survey of 21 equity strategists found that their average 2021 year-end price target for the S&P 500 Index was 4,335 as of 8/20/21, up from 4,242 on 7/16/21, according to its own release. The highest and lowest estimates were 4,700 (up from 4,601) and 3,800 (unchanged), respectively. Brian Wesbury, Chief Economist at First Trust Advisors L.P., just raised his forecast for year-end from 4,500 to 5,000. The index posted a total return of 3.04% in August. Ten of the 11 major sectors that comprise the index were up on a total return basis. The top-performer was Financials, up 5.14%, while the worst showing came from Energy, down 2.04%. The S&P 500 Index posted a total return of 21.57% over the first eight months of 2021. Based on historical market data, that equates to over two full calendar years of performance in just eight months. From 1926-2020, the index posted an average annual total return of 10.28%, according to Morningstar/Ibbotson Associates. All 11 major sectors were up on a total return basis. The index's top performer year-to-date through 8/31/21 was Real Estate, up 32.64%, while the worst showing came from Consumer Staples, up 9.21%. Ironically, despite the fact that the COVID-19 virus (Delta variant) is still disrupting the U.S. economy, two of the top-performing REIT subsectors year-to-date are regional malls and shopping centers.

## Bond Market

The yield on the benchmark 10-year Treasury note (T-note) closed trading on 8/31/21 at 1.31%, up nine basis points (bps) from its 1.22% close on 7/30/21, according to Bloomberg. The 1.31% yield stood 74 bps below its 2.05% average for the 10-year period ended 8/31/21. The ongoing climate of low interest rates gives us little to comment about with respect to the bond market. We do not anticipate much changing until the Federal Reserve ("Fed") begins to taper its bond buying program, which could happen before year-end, according to recent comments from Fed Chairman Jerome Powell. In addition to the Fed's actions, the future pace and direction of inflation will likely command our attention in the months ahead. One thing we can report is the recovery in state tax collections, which is a positive for municipal bonds. Data from the Tax Policy Center at the Urban Institute reported that state tax collections increased by 26.5% year-over-year for the fiscal year ended 6/30/21, according to MarketWatch.

## Takeaway

As previously noted, equity investors have been rewarded handsomely so far this year for the risk they have assumed. For those wondering if stocks are due for a correction (a 10.00% to 19.99% price decline from the recent peak in a security or index) they should know that the S&P 500 Index has experienced a correction or bear market around every 1.87 years since 1950, according to Yardeni Research. The last correction, which actually ended up a bear market (20% or more price decline), occurred in February-March of 2020 during the onset of COVID-19. That was 17 months ago. Another potential signal that the market might be temporarily topping out is margin debt. FINRA reported that margin debt (money borrowed from a broker to invest in securities) hit a record high of \$882 billion in June 2021, according to *Fortune*. Margin debt levels, however, declined by 4.3% in July, the first drop since the pre-COVID days. The concern is that the drop could signal that investors are starting to ease up on borrowing due to valuation levels. If it turns out that June was the peak in margin debt, data indicates that one year after peaking the S&P 500 Index has been down 71% of the time with an average return of -7.8%, according to Stephen Suttmeier, technical research strategist at Bank of America.

Data as of 8/31/21

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	4528.79	8/30/2021	1099.23	10/3/2011	4522.68	-0.13%	21.57%	1.30%
S&P 500 Growth	3176.09	8/30/2021	598.65	10/3/2011	3169.07	-0.22%	23.59%	0.67%
S&P 500 Value	1496.60	8/11/2021	494.97	10/3/2011	1489.09	-0.50%	19.22%	2.05%
S&P MidCap 400	2770.27	5/7/2021	744.98	10/3/2011	2753.16	-0.62%	20.30%	1.26%
S&P MidCap 400 Growth	1353.31	4/26/2021	345.40	10/3/2011	1343.60	-0.72%	14.99%	0.72%
S&P MidCap 400 Value	882.65	5/7/2021	252.35	10/3/2011	861.00	-2.45%	25.69%	1.74%
S&P 100	2083.00	8/30/2021	500.09	10/3/2011	2079.17	-0.18%	22.05%	1.30%
DJIA	35625.40	8/16/2021	10655.30	10/3/2011	35360.73	-0.74%	17.04%	1.73%
NASDAQ 100	15605.09	8/30/2021	2085.04	10/3/2011	15582.51	-0.14%	21.49%	0.66%
Russell 2000	2360.17	3/15/2021	609.49	10/3/2011	2273.77	-3.66%	15.82%	1.13%
Russell 2000 Growth	1709.62	2/9/2021	350.15	10/3/2011	1552.28	-9.20%	6.92%	0.44%
Russell 2000 Value	2600.57	6/8/2021	804.33	10/3/2011	2450.43	-5.77%	25.41%	1.86%
Russell 3000	2686.91	8/30/2021	644.45	10/3/2011	2682.85	-0.15%	20.38%	1.24%
MSCI World Net (ex U.S.) (USD)	7837.57	6/16/2021	3369.63	10/4/2011	7771.00	-0.85%	12.42%	2.49%
MSCI Emerging Markets Net (USD)	699.23	2/17/2021	296.25	1/21/2016	641.86	-8.20%	2.84%	2.20%
Ibovespa/Brazil (USD)	39318.75	3/2/2012	9077.09	1/21/2016	23095.66	-41.26%	0.84%	4.22%
RTS/Russia (USD)	1754.81	3/15/2012	628.41	1/20/2016	1684.16	-4.03%	26.29%	4.48%
S&P BSE 500/India (USD)	317.57	8/31/2021	95.89	9/3/2013	317.57	0.00%	27.83%	0.99%
Shanghai Composite/China (USD)	832.07	6/12/2015	314.68	12/3/2012	548.54	-34.08%	5.16%	2.02%
KOSPI/South Korea (USD)	2.93	6/16/2021	1.16	3/19/2020	2.76	-5.76%	5.08%	1.89%
Hang Seng (USD)	4241.01	1/26/2018	2087.46	10/4/2011	3327.33	-21.54%	-3.22%	2.63%
MSCI Euro (USD)	1697.55	8/13/2021	814.62	6/1/2012	1677.53	-1.18%	17.04%	2.16%
S&P 500 Consumer Discretionary	1487.96	7/26/2021	267.58	10/3/2011	1468.09	-1.34%	13.17%	0.56%
S&P 500 Consumer Staples	755.00	8/17/2021	302.20	10/3/2011	748.14	-0.91%	9.21%	2.68%
S&P 500 Energy	737.09	6/23/2014	179.94	3/18/2020	362.26	-50.85%	30.84%	4.60%
S&P 500 Utilities	359.13	2/18/2020	165.11	9/9/2011	346.86	-3.42%	11.07%	3.04%
S&P 500 Financials	647.31	8/27/2021	151.85	10/3/2011	637.26	-1.55%	31.47%	1.67%
S&P 500 Banks	431.28	6/1/2021	108.80	10/3/2011	410.75	-4.76%	32.03%	2.17%
FTSE NAREIT All Equity REITs	907.48	8/31/2021	371.48	10/3/2011	907.48	0.00%	29.28%	2.69%
S&P 500 Health Care	1592.32	8/17/2021	356.10	10/3/2011	1573.61	-1.18%	20.12%	1.41%
S&P 500 Pharmaceuticals	939.83	8/17/2021	296.62	10/3/2011	899.36	-4.31%	17.35%	2.40%
NYSE Arca Biotechnology	6319.77	2/8/2021	1001.60	11/25/2011	5944.55	-5.94%	3.83%	0.36%
S&P 500 Information Technology	2801.93	8/30/2021	369.66	10/3/2011	2786.10	-0.56%	22.36%	0.79%
Philadelphia Semiconductor	3446.44	8/30/2021	326.37	10/3/2011	3417.72	-0.83%	23.18%	1.09%
S&P 500 Telecom Services	286.95	8/31/2021	117.82	11/25/2011	286.95	0.00%	30.15%	0.75%
S&P 500 Industrials	891.88	8/11/2021	245.04	10/3/2011	881.64	-1.15%	18.78%	1.33%
S&P 500 Materials	556.90	5/17/2021	179.78	10/3/2011	536.52	-3.66%	19.07%	1.67%
Philadelphia Gold & Silver	227.03	9/8/2011	38.84	1/19/2016	134.06	-40.95%	-6.10%	1.52%
Refinitiv/CC CRB Excess Return	342.57	8/31/2011	106.29	4/21/2020	218.17	-36.31%	30.02%	N/A
ICE BofA Perpetual Preferred	317.87	8/6/2021	151.29	10/4/2011	317.03	-0.26%	2.61%	3.97%
ICE BofA U.S. High Yield Constrained	518.37	8/31/2021	250.64	10/4/2011	518.37	0.00%	4.64%	4.64%

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