

Open-End Net Fund Flows (\$)	8/22	7/22	YTD (Aug)
Equity	-39.58B	-19.85B	-217.23B
Taxable Bond	-5.40B	-34.26B	-248.48B
Municipal Bond	-2.16B	0.7B	-90.32B
Hybrid	-3.06B	-2.51B	-41.32B
Taxable Money Market	-15.83B	37.88B	-200.59B

Key Interest Rates	9/30/22	12/31/21	9/30/21
Federal Funds Target Rate	3.25%	0.25%	0.25%
2-Year T-Note	4.28%	0.73%	0.28%
5-Year T-Note	4.09%	1.26%	0.97%
10-Year T-Note	3.83%	1.51%	1.49%
Bond Buyer 40	5.03%	3.45%	3.48%

Commodities/U.S. Dollar	9/22	YTD	12 Mo.
U.S. Dollar Index (DXY)	3.15%	17.19%	18.99%
Refinitiv/CC CRB Excess Ret.	-7.62%	15.46%	17.20%
Crude Oil/WTI (per Barrel)	-11.23%	5.69%	5.94%
Natural Gas (per million BTUs)	-25.85%	81.50%	15.33%
Gold Bullion (Ounce)	-3.17%	-9.09%	-5.29%

### Total Return Performance

U.S. Stock Indices	9/22	YTD	12 Mo.
S&P 500	-9.22%	-23.88%	-15.50%
DJIA	-8.76%	-19.72%	-13.40%
Nasdaq 100	-10.55%	-32.35%	-24.72%
S&P MidCap 400	-9.19%	-21.54%	-15.29%
Russell 2000	-9.57%	-25.11%	-23.53%
Russell 3000	-9.28%	-24.63%	-17.65%

U.S. Styles/Market Caps	9/22	YTD	12 Mo.
S&P 500 Growth	-9.98%	-30.42%	-21.11%
S&P 500 Value	-8.48%	-16.59%	-9.67%
S&P MidCap 400 Growth	-8.84%	-25.51%	-19.55%
S&P MidCap 400 Value	-9.51%	-17.51%	-10.96%
Russell 2000 Growth	-9.00%	-29.29%	-29.29%
Russell 2000 Value	-10.17%	-21.13%	-17.72%

Foreign Stock Indices (USD)	9/22	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	-9.26%	-26.23%	-23.91%
MSCI Emerging Markets NET	-11.72%	-27.16%	-28.11%
MSCI Europe NET	-8.70%	-28.83%	-24.80%
MSCI BRIC NET	-11.17%	-27.56%	-31.19%
MSCI EM Latin America NET	-3.26%	3.02%	0.24%
Nikkei 225	-10.85%	-26.93%	-30.79%

Bloomberg Fixed Income Ind.	9/22	YTD	12 Mo.
U.S. Treasury: Intermediate	-2.40%	-8.70%	-9.23%
GNMA 30 Year	-5.14%	-12.60%	-13.00%
Municipal Bond (22+)	-6.06%	-19.74%	-18.48%
U.S. Aggregate	-4.32%	-14.61%	-14.60%
Intermediate Corporate	-3.37%	-11.81%	-12.30%
U.S. Corporate High Yield	-3.97%	-14.74%	-14.14%
Global Aggregate	-5.14%	-19.89%	-20.43%
EM Hard Currency Aggregate	-5.81%	-22.37%	-23.01%

Sources: Bloomberg and 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

We know that most central banks are engaged in a balancing act between fighting robust inflation while not triggering a major downturn in economic activity. It is known as a soft landing. We just learned at the end of September that the Bank of England felt compelled to step in and stabilize its capital markets and pension system (hit with margin calls) by buying bonds. On top of that news, the UK government announced tax cuts. Both of these moves are stimulative in nature and could push inflation higher at a time when central banks are trying to lower it. Here at home, the Federal Reserve ("Fed") announced that it has yet to wind down any of its balance sheet of mortgage-backed securities as touted. Stay tuned!

### Stock Market

The S&P 500 Index ("index") closed September 2022 at 3,585.62, 25.25% below its all-time closing high of 4,796.56 on 1/3/22, according to Bloomberg. The S&P MidCap 400 and S&P SmallCap 600 Indices stood 24.30% and 27.36%, respectively, below their record closing highs as of month-end. In September 2022, the S&P 500 Index posted a total return of -9.22%. None of the 11 major sectors that comprise the index were up on a total return basis. The top performer was Health Care, down 2.60%, while the worst showing came from Real Estate, down 13.15%. The index posted a total return of -23.88% year-to-date through 9/30/22. Only one of the 11 major sectors were up on a total return basis. The index's top performer was Energy, up 34.49%, while the worst showing came from Communication Services, down 39.04%. Just released, S&P 500 Index stock buybacks totaled \$219.64 billion (preliminary) in Q2'22, down 21.84% from the \$281.01 billion executed in Q1'22 (record high), but up 10.46% from the \$198.84 billion registered in Q2'21, according to S&P Dow Jones Indices. In Q2'22, Information Technology, Communication Services and Consumer Discretionary accounted for 32.76%, 13.40% and 12.58%, respectively, of all buyback expenditures. S&P 500 Index companies distributed a record high \$140.56 billion in dividend payments in the quarter, up 2.15% from the \$137.60 billion paid out in Q1'22 (previous record) and up 13.92% from the \$123.38 billion paid out in Q2'21. Companies appear to be concerned about their earnings moving forward and are becoming more cautious with respect to their expenditures, according to Howard Silverblatt, Senior Index Analyst at S&P Dow Jones Indices. The Inflation Reduction Act recently passed into law will levy a 1% excise tax on stock buybacks beginning in 2023. Silverblatt notes that while the 1% tax is an additional cost, it is not substantial enough to impact buybacks. He does anticipate the potential for some buybacks planned for 2023 to be executed in Q4'22 to avoid the new tax. Earnings estimates have come down. Bloomberg's consensus 2022 and 2023 year-over-year earnings growth rate estimates for the S&P 500 Index stood at 9.61% and 6.14%, respectively, on 9/30/22. Those projections are down from 10.37% and 8.49%, respectively, on 7/1/22. Price-to-earnings (P/E) multiples have also come in. The trailing 12-month P/E on the S&P 500 Index was 17.58 on 9/30/22, down from 18.42 on 6/30/22. Its 50-year average P/E stood at 17.23 as of 9/30/22, according to Bloomberg.

### Bond Market

The yield on the benchmark 10-year Treasury Note (T-note) closed trading on 9/30/22 at 3.83%, up 55 basis points (bps) from its 3.20% close on 8/31/22, according to Bloomberg. The 3.83% yield stood 174 bps above its 2.09% average for the 10-year period ended 9/30/22. Stubbornly high inflation gauges continue to spook bond investors. Bond yields are rising and that means that bond prices are falling. The total returns sported by the top bond categories (See Bloomberg Fixed Income Indices) reflect the pain over the past 12 months, and it is extensive. The yield spread between the 2-year T-note and the 10-year T-note remains distorted and extraordinarily high at 45 bps in favor of the 2-year T-note. Over the past 30 years, the yield spread has averaged 111 basis points in favor of the 10-year T-note. Longer maturities should carry higher yields to compensate for the additional time commitment. The Fed has been hiking short-term rates at an aggressive clip to combat inflation by tempering consumer demand. The inverted yield curve between the 2-year and 10-year T-notes indicates that the short-end of the Treasury curve has likely already priced in the anticipated rate hikes coming in November and December, while intermediate and long maturities are likely pricing some degree of recession, in our opinion.

### Takeaway

A fairly good barometer of the state of the economy is the global speculative default rate. The lower the rate the better. Moody's reported that its global speculative-grade default rate stood at 2.3% in August. Its baseline scenario sees the default rate increasing to 3.8% by December 2022. Moody's puts the historical average default rate at 4.1%. For comparative purposes, the default rate stood at 13.1% at the close of 2009 (global financial crisis).

Data as of 9/30/22

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	4796.56	1/3/2022	1353.33	11/15/2012	3585.62	-25.25%	-23.88%	1.85%
S&P 500 Growth	3423.28	12/27/2021	729.09	11/15/2012	2334.22	-31.81%	-30.42%	1.06%
S&P 500 Value	1571.24	1/12/2022	617.02	11/15/2012	1270.36	-19.15%	-16.59%	2.59%
S&P MidCap 400	2910.70	11/16/2021	945.96	11/15/2012	2203.53	-24.30%	-21.54%	2.01%
S&P MidCap 400 Growth	1427.19	11/16/2021	434.44	11/15/2012	1024.14	-28.24%	-25.51%	1.37%
S&P MidCap 400 Value	908.15	11/15/2021	323.57	11/15/2012	722.60	-20.43%	-17.51%	2.60%
S&P 100	2219.44	1/3/2022	616.63	11/15/2012	1625.76	-26.75%	-25.07%	1.79%
DJIA	36799.65	1/4/2022	12542.38	11/15/2012	28725.51	-21.94%	-19.72%	2.35%
Nasdaq 100	16573.34	11/19/2021	2524.36	11/15/2012	10971.22	-33.80%	-32.35%	1.00%
Russell 2000	2442.74	11/8/2021	769.48	11/15/2012	1664.72	-31.85%	-25.11%	1.73%
Russell 2000 Growth	1709.62	2/9/2021	441.25	11/15/2012	1049.29	-38.62%	-29.29%	0.87%
Russell 2000 Value	2643.45	11/8/2021	1017.16	11/15/2012	1934.44	-26.82%	-21.13%	2.63%
Russell 3000	2804.93	1/3/2022	798.29	11/15/2012	2077.61	-25.93%	-24.63%	1.82%
MSCI World Net (ex U.S.) (USD)	7936.92	9/6/2021	3905.41	11/16/2012	5742.99	-27.64%	-26.23%	3.59%
MSCI Emerging Markets Net (USD)	699.23	2/17/2021	296.25	1/21/2016	443.07	-36.63%	-27.16%	3.43%
Ibovespa/Brazil (USD)	30947.53	1/3/2013	9077.09	1/21/2016	19970.03	-35.47%	6.31%	8.83%
RTS/Russia (USD)	1919.58	10/25/2021	628.41	1/20/2016	1055.72	-45.00%	-32.06%	6.57%
S&P BSE 500/India (USD)	337.94	1/13/2022	95.89	9/3/2013	290.47	-14.05%	-8.07%	1.33%
Shanghai Composite/China (USD)	832.07	6/12/2015	314.68	12/3/2012	425.02	-48.92%	-23.89%	2.73%
KOSPI/South Korea (USD)	2.93	6/16/2021	1.16	3/19/2020	1.50	-48.85%	-39.72%	2.31%
Hang Seng (USD)	4241.01	1/26/2018	2186.74	9/29/2022	2193.99	-48.27%	-24.49%	3.94%
MSCI Euro (USD)	1705.00	9/6/2021	865.50	3/18/2020	1087.92	-36.19%	-32.25%	3.81%
S&P 500 Consumer Discretionary	1673.27	11/19/2021	354.70	11/15/2012	1122.31	-32.93%	-29.89%	0.89%
S&P 500 Consumer Staples	841.99	4/20/2022	351.96	11/15/2012	695.78	-17.36%	-11.83%	2.83%
S&P 500 Energy	737.09	6/23/2014	179.94	3/18/2020	552.56	-25.03%	34.49%	4.46%
S&P 500 Utilities	394.81	9/12/2022	171.80	11/15/2012	332.52	-15.78%	-6.51%	3.24%
S&P 500 Financials	688.85	1/12/2022	203.46	11/14/2012	504.39	-26.78%	-21.25%	2.34%
S&P 500 Banks	461.87	1/12/2022	147.32	11/14/2012	297.14	-35.67%	-27.41%	3.44%
FTSE NAREIT All Equity REITs	980.08	12/31/2021	480.52	11/15/2012	689.80	-29.62%	-27.90%	4.37%
S&P 500 Health Care	1664.59	4/8/2022	447.00	11/15/2012	1411.36	-15.21%	-13.08%	1.73%
S&P 500 Pharmaceuticals	1004.60	6/27/2022	362.93	11/15/2012	899.83	-10.43%	-4.12%	2.60%
NYSE Arca Biotechnology	6319.77	2/8/2021	1397.78	10/31/2012	4509.46	-28.65%	-18.07%	0.33%
S&P 500 Information Technology	3107.46	12/27/2021	439.47	11/15/2012	2079.85	-33.07%	-31.44%	1.15%
Philadelphia Semiconductor	4039.51	12/27/2021	356.00	11/16/2012	2306.70	-42.90%	-40.92%	1.68%
S&P 500 Communication Services	288.46	9/1/2021	130.86	12/24/2018	162.01	-43.84%	-39.04%	1.23%
S&P 500 Industrials	905.63	1/4/2022	306.94	11/15/2012	700.60	-22.64%	-20.72%	1.96%
S&P 500 Materials	569.63	12/31/2021	218.78	11/15/2012	427.77	-24.90%	-23.75%	2.55%
Philadelphia Gold & Silver	193.50	10/4/2012	38.84	1/19/2016	100.91	-47.85%	-22.59%	2.55%
Refinitiv/CC CRB Excess Return	329.59	6/9/2022	106.29	4/21/2020	268.29	-18.60%	15.46%	N/A
ICE BofA Perpetual Preferred	319.67	9/22/2021	179.47	8/19/2013	269.51	-15.69%	-14.86%	7.06%
ICE BofA U.S. High Yield Constrained	522.13	12/28/2021	305.18	9/30/2012	445.65	-14.65%	-14.61%	9.62%

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