

Open-End Net Fund Flows (\$)	9/22	8/22	YTD (Sep)
Equity	-41.17B	-40.73B	-259.54B
Taxable Bond	-41.95B	-5.61B	-290.65B
Municipal Bond	-14.58B	-1.93B	-104.67B
Hybrid	-18.71B	-3.45B	-63.63B
Taxable Money Market	2.35B	-15.83B	-198.24B

Key Interest Rates/Yields	10/31/22	12/31/21	10/29/21
Federal Funds Target Rate	3.25%	0.25%	0.25%
2-Year T-Note	4.49%	0.73%	0.50%
5-Year T-Note	4.23%	1.26%	1.19%
10-Year T-Note	4.05%	1.51%	1.56%
Bond Buyer 40	5.23%	3.45%	3.49%

Commodities/U.S. Dollar	10/22	YTD	12 Mo.
U.S. Dollar Index (DXY)	-0.53%	16.58%	18.50%
Refinitiv/CC CRB Excess Ret.	2.18%	17.97%	15.33%
Crude Oil/WTI (per Barrel)	8.86%	15.05%	3.54%
Natural Gas (per million BTUs)	-6.06%	70.51%	17.13%
Gold Bullion (Ounce)	-1.31%	-10.28%	-8.03%

### Total Return Performance

U.S. Stock Indices	10/22	YTD	12 Mo.
S&P 500	8.10%	-17.72%	-14.63%
DJIA	14.07%	-8.42%	-6.74%
Nasdaq 100	4.01%	-29.64%	-27.46%
S&P MidCap 400	10.52%	-13.29%	-11.58%
Russell 2000	11.01%	-16.86%	-18.56%
Russell 3000	8.20%	-18.45%	-16.54%

U.S. Styles/Market Caps	10/22	YTD	12 Mo.
S&P 500 Growth	4.49%	-27.29%	-24.43%
S&P 500 Value	11.50%	-7.00%	-3.70%
S&P MidCap 400 Growth	9.43%	-18.48%	-18.16%
S&P MidCap 400 Value	11.53%	-7.99%	-4.90%
Russell 2000 Growth	9.49%	-22.58%	-26.04%
Russell 2000 Value	12.59%	-11.19%	-10.76%

Foreign Stock Indices (USD)	10/22	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	5.51%	-22.16%	-22.04%
MSCI Emerging Markets NET	-3.10%	-29.42%	-31.03%
MSCI Europe NET	7.17%	-23.73%	-22.88%
MSCI BRIC NET	-8.35%	-33.61%	-37.79%
MSCI EM Latin America NET	9.66%	12.97%	16.12%
Nikkei 225	3.56%	-24.28%	-25.16%

Bloomberg Fixed Income Ind.	10/22	YTD	12 Mo.
U.S. Treasury: Intermediate	-0.45%	-9.11%	-9.12%
GNMA 30 Year	-0.84%	-13.34%	-13.45%
Municipal Bond (22+)	-2.17%	-21.48%	-20.02%
U.S. Aggregate	-1.30%	-15.72%	-15.68%
Intermediate Corporate	-0.41%	-12.17%	-12.18%
U.S. Corporate High Yield	2.60%	-12.53%	-11.76%
Global Aggregate	-0.69%	-20.44%	-20.79%
EM Hard Currency Aggregate	-0.63%	-22.86%	-23.13%

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

In an effort to combat high inflation, the Federal Reserve ("Fed") increased the federal funds target rate (upper bound) by 75 basis points (bps) to 4.0% on 11/2/22, the sixth rate hike registered this year. With more work ahead, the Fed anticipates ongoing hikes until they reach monetary policy restrictive enough to return inflation to 2% over time. Many of the headwinds plaguing the markets this year still persist, such as: the war between Russia and Ukraine, COVID lockdowns in China and potential shortages in energy (diesel fuel) and food this winter. In November, the markets could be impacted by the election and tax-loss selling, in our opinion.

### Stock Market

The S&P 500 Index ("index") closed October 2022 at 3,871.98, 19.28% 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 16.41% and 18.45%, respectively, below their record closing highs as of 10/31/22. In October 2022, the S&P 500 Index posted a total return of 8.10%. All 11 of the major sectors that comprise the index were up on a total return basis. The top-performer was Energy, up 24.96%, while the worst showing came from Communication Services, up 0.14%. The S&P 500 Index posted a total return of -17.72% year-to-date through 10/31/22. Only one of the 11 major sectors was up on a total return basis. The index's top performer was Energy, up 68.05%, while the worst showing came from Communication Services, down 38.96%. A Bloomberg survey of 22 equity strategists found that their average 2022 year-end price target for the S&P 500 Index was 4,054 as of 10/17/22, down from 4,346 on 9/15/22 (23 strategists surveyed), according to its own release. Heading into 2022 (12/16/21), strategists had an average target of 4,950. The highest and lowest estimates on 10/17/22 were 5,100 (no change) and 3,200 (down from 3,400), respectively. Where could we see an increase in demand for stocks moving forward? Stock buybacks, in our opinion. Data from Birinyi Associates indicates that U.S. companies have announced stock buybacks totaling \$1 trillion so far in 2022, up 8% from a year ago and on course for an annual record high, according to Bloomberg. Deutsche Bank AG notes that buybacks could ramp up at the start of November as S&P 500 Index companies exit the blackout period that coincides with earnings season. Buybacks could reach as high as \$5 billion a day, according to JPMorgan Chase & Co. Buybacks normally drop during recessions. Buybacks were off 40% in the 2020 pandemic and plunged by 60% at the height of the 2008-2009 financial crisis. With respect to foreign equities, while their valuations appear to be more attractive than that of the S&P 500 Index, their relative performance has not rewarded investors in recent years. The strong U.S. dollar has not helped, in our opinion. We believe that could change in the years ahead. For comparative purposes, the trailing 12-month price-to-earnings ratios were as follows as of 10/31/22: 18.72 (S&P 500 Index), 12.09 (MSCI World Ex. U.S.) and 9.53 (MSCI Emerging Markets Index), according to Bloomberg.

### Bond Market

The yield on the benchmark 10-year Treasury Note (T-note) closed trading on 10/31/22 at 4.05%, up 22 bps from its 3.83% close on 9/30/22, according to Bloomberg. The 4.05% yield stood 194 bps above its 2.11% average for the 10-year period ended 10/31/22. Higher quality bonds continue to be negatively impacted by increasing interest rates as indicated by the returns cited in the table (See Bloomberg Fixed Income Indices). High Yield corporate bonds appeared to get a boost from the risk-on trade in the stock market in October. As things stand, there are a couple of factors reflecting resiliency in the speculative-grade bond category, such as a below-average default rate. Moody's reported that its global speculative-grade default rate stood at 2.3% in September. Moody's puts the historical average default rate at 4.1%. Its baseline scenario sees the default rate increasing to 2.9% in December 2022, and then rising to 4.3% in September 2023. Secondly, for those investors willing to assume more risk to achieve higher returns, and who may be concerned about the economy weakening into 2023, the high yield bond market could potentially benefit from the decline in issuance in 2022. New issues brought to market fell 73% year-to-date through 10/24/22 compared with the same period a year ago, according to Bloomberg. In addition, the amount of high yield corporate debt due to mature over the next few years is expected to be modest.

### Takeaway

The elephant in the room continues to be stubbornly high inflation. Suffice it to say, many Americans are hurting due to price increases on goods and services. A recent survey of U.S. adults revealed that 54% had stopped or reduced retirement savings contributions due to inflation. Furthermore, 43% said they withdrew money from their retirement accounts to cover cost of living increases, according to CNBC. Americans' savings have plummeted 88% from their 2020 peak as of Q3'22, according to MarketWatch. Credit card debt rose 13% in Q2'22, the largest annual increase in 20 years as consumers struggle to pay for necessities.

Data as of 10/31/22

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	3871.98	-19.28%	-17.72%	1.71%
S&P 500 Growth	3423.28	12/27/2021	729.09	11/15/2012	2437.57	-28.79%	-27.29%	1.02%
S&P 500 Value	1571.24	1/12/2022	617.02	11/15/2012	1414.49	-9.98%	-7.00%	2.32%
S&P MidCap 400	2910.70	11/16/2021	945.96	11/15/2012	2433.05	-16.41%	-13.29%	1.80%
S&P MidCap 400 Growth	1427.19	11/16/2021	434.44	11/15/2012	1119.91	-21.53%	-18.48%	1.21%
S&P MidCap 400 Value	908.15	11/15/2021	323.57	11/15/2012	805.02	-11.36%	-7.99%	2.34%
S&P 100	2219.44	1/3/2022	616.63	11/15/2012	1740.51	-21.58%	-19.68%	1.67%
DJIA	36799.65	1/4/2022	12542.38	11/15/2012	32732.95	-11.05%	-8.42%	2.06%
Nasdaq 100	16573.34	11/19/2021	2524.36	11/15/2012	11405.57	-31.18%	-29.64%	0.97%
Russell 2000	2442.74	11/8/2021	769.48	11/15/2012	1846.86	-24.39%	-16.86%	1.59%
Russell 2000 Growth	1709.62	2/9/2021	441.25	11/15/2012	1148.53	-32.82%	-22.58%	0.81%
Russell 2000 Value	2643.45	11/8/2021	1017.16	11/15/2012	2175.99	-17.68%	-11.19%	2.38%
Russell 3000	2804.93	1/3/2022	798.29	11/15/2012	2245.81	-19.93%	-18.45%	1.69%
MSCI World Net (ex U.S.) (USD)	7936.92	9/6/2021	3905.41	11/16/2012	6059.55	-23.65%	-22.16%	3.43%
MSCI Emerging Markets Net (USD)	699.23	2/17/2021	296.25	1/21/2016	429.31	-38.60%	-29.42%	3.58%
Ibovespa/Brazil (USD)	30947.53	1/3/2013	9077.09	1/21/2016	22074.13	-28.67%	17.51%	8.19%
RTS/Russia (USD)	1919.58	10/25/2021	628.41	1/20/2016	1111.68	-42.09%	-24.08%	10.96%
S&P BSE 500/India (USD)	337.94	1/13/2022	95.89	9/3/2013	296.86	-12.16%	-5.98%	1.26%
Shanghai Composite/China (USD)	832.07	6/12/2015	314.68	12/3/2012	396.10	-52.40%	-29.04%	2.85%
KOSPI/South Korea (USD)	2.93	6/16/2021	1.16	3/19/2020	1.61	-45.24%	-35.35%	2.34%
Hang Seng (USD)	4241.01	1/26/2018	1871.10	10/31/2022	1871.10	-55.88%	-35.60%	4.61%
MSCI Euro (USD)	1705.00	9/6/2021	865.50	3/18/2020	1184.65	-30.52%	-26.17%	3.51%
S&P 500 Consumer Discretionary	1673.27	11/19/2021	354.70	11/15/2012	1124.52	-32.79%	-29.73%	0.89%
S&P 500 Consumer Staples	841.99	4/20/2022	351.96	11/15/2012	757.25	-10.06%	-3.86%	2.61%
S&P 500 Energy	737.09	6/23/2014	179.94	3/18/2020	689.83	-6.41%	68.05%	3.52%
S&P 500 Utilities	394.81	9/12/2022	171.80	11/15/2012	339.18	-14.09%	-4.59%	3.11%
S&P 500 Financials	688.85	1/12/2022	203.46	11/14/2012	563.91	-18.14%	-11.81%	2.10%
S&P 500 Banks	461.87	1/12/2022	147.32	11/14/2012	336.08	-27.23%	-17.64%	3.05%
FTSE NAREIT All Equity REITs	980.08	12/31/2021	480.52	11/15/2012	711.89	-27.36%	-25.46%	4.22%
S&P 500 Health Care	1664.59	4/8/2022	447.00	11/15/2012	1546.64	-7.09%	-4.64%	1.59%
S&P 500 Pharmaceuticals	1004.60	6/27/2022	362.93	11/15/2012	982.54	-2.20%	4.79%	2.39%
NYSE Arca Biotechnology	6319.77	2/8/2021	1397.78	10/31/2012	4900.15	-22.46%	-10.97%	0.30%
S&P 500 Information Technology	3107.46	12/27/2021	439.47	11/15/2012	2241.13	-27.88%	-26.08%	1.07%
Philadelphia Semiconductor	4039.51	12/27/2021	356.00	11/16/2012	2384.45	-40.97%	-38.88%	1.64%
S&P 500 Communication Services	288.46	9/1/2021	130.86	12/24/2018	161.86	-43.89%	-38.96%	1.17%
S&P 500 Industrials	905.63	1/4/2022	306.94	11/15/2012	797.71	-11.92%	-9.68%	1.73%
S&P 500 Materials	569.63	12/31/2021	218.78	11/15/2012	466.12	-18.17%	-16.88%	2.35%
Philadelphia Gold & Silver	188.25	10/31/2012	38.84	1/19/2016	103.31	-45.12%	-20.70%	2.52%
Refinitiv/CC CRB Excess Return	329.59	6/9/2022	106.29	4/21/2020	274.13	-16.83%	17.97%	N/A
ICE BofA Perpetual Preferred	319.67	9/22/2021	179.47	8/19/2013	265.47	-16.95%	-16.14%	7.50%
ICE BofA U.S. High Yield Constrained	522.13	12/28/2021	305.44	11/16/2012	458.33	-12.22%	-12.18%	9.10%

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