

Open-End Net Fund Flows (\$)	10/22	9/22	YTD (Oct)
Equity	-51.86B	-41.17B	-311.41B
Taxable Bond	-41.01B	-41.95B	-331.65B
Municipal Bond	-17.67B	-14.58B	-122.33B
Hybrid	-13.66B	-18.71B	-77.30B
Taxable Money Market	19.53B	0.33B	-180.72B

Key Interest Rates/Yields	11/30/22	12/31/21	11/30/21
Federal Funds Target Rate	4.00%	0.25%	0.25%
2-Year T-Note	4.31%	0.73%	0.57%
5-Year T-Note	3.74%	1.26%	1.16%
10-Year T-Note	3.61%	1.51%	1.45%
Bond Buyer 40	4.58%	3.45%	3.45%

Commodities/U.S. Dollar	11/22	YTD	12 Mo.
U.S. Dollar Index (DXY)	-5.00%	10.75%	10.38%
Refinitiv/CC CRB Excess Ret.	2.05%	20.39%	27.63%
Crude Oil/WTI (per Barrel)	-6.91%	7.10%	21.71%
Natural Gas (per million BTUs)	8.96%	85.79%	51.64%
Gold Bullion (Ounce)	6.42%	-4.52%	-1.56%

Total Return Performance

U.S. Stock Indices	11/22	YTD	12 Mo.
S&P 500	5.59%	-13.12%	-9.23%
DJIA	6.04%	-2.89%	2.48%
Nasdaq 100	5.62%	-25.69%	-24.81%
S&P MidCap 400	6.10%	-8.00%	-3.34%
Russell 2000	2.31%	-14.94%	-13.04%
Russell 3000	5.22%	-14.20%	-10.82%

U.S. Styles/Market Caps	11/22	YTD	12 Mo.
S&P 500 Growth	5.10%	-23.58%	-21.70%
S&P 500 Value	6.02%	-1.39%	5.54%
S&P MidCap 400 Growth	5.72%	-13.82%	-10.28%
S&P MidCap 400 Value	6.45%	-2.06%	3.72%
Russell 2000 Growth	1.60%	-21.34%	-20.99%
Russell 2000 Value	3.04%	-8.49%	-4.76%

Foreign Stock Indices (USD)	11/22	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	10.65%	-13.87%	-9.50%
MSCI Emerging Markets NET	14.83%	-18.95%	-17.43%
MSCI Europe NET	11.35%	-15.07%	-9.46%
MSCI BRIC NET	17.45%	-22.03%	-22.80%
MSCI EM Latin America NET	0.48%	13.51%	20.25%
Nikkei 225	8.11%	-18.07%	-16.62%

Bloomberg Fixed Income Ind.	11/22	YTD	12 Mo.
U.S. Treasury: Intermediate	1.72%	-7.55%	-7.79%
GNMA 30 Year	3.76%	-10.08%	-10.16%
Municipal Bond (22+)	7.83%	-15.33%	-15.15%
U.S. Aggregate	3.68%	-12.62%	-12.84%
Intermediate Corporate	3.22%	-9.34%	-9.21%
U.S. Corporate High Yield	2.17%	-10.63%	-8.96%
Global Aggregate	4.71%	-16.70%	-16.82%
EM Hard Currency Aggregate	6.96%	-17.49%	-16.62%

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

The risk of the U.S. economy experiencing a notable recession in 2023 is rising, in our opinion. Home prices, as represented by the S&P CoreLogic Case-Shiller U.S. National Home Price Index, have been falling since June, according to Bloomberg. With the housing market softening, job creation, for now, may be one of the few remaining bright spots in the U.S. economy. November's relatively strong nonfarm payroll number is a signal to the Federal Reserve ("Fed") that it needs to raise interest rates further to battle inflation, according to Brian Wesbury, Chief Economist at First Trust Advisors L.P. The holiday shopping season began on a promising note. Adobe reported that consumers spent a record \$9.12 billion shopping online on Black Friday, up 2.3% from last year's take, according to CNBC. With inflation still elevated, many consumers are having a hard time stretching a dollar (see Takeaway). While we could see a year-end rally in the equity markets, the market could also be impacted by tax loss selling as we approach year-end, in our opinion. The outlook for next year is subdued. A Bloomberg survey of equity strategists is calling for the S&P 500 Index to be relatively flat in 2023 (see survey in Stock Market).

Stock Market

The S&P 500 Index ("index") closed November 2022 at 4080.11, 14.94% 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 11.44% and 15.18%, respectively, below their record closing highs as of 11/30/22. In November 2022, the S&P 500 Index posted a total return of 5.59%. All 11 of the major sectors that comprise the index were up on a total return basis. The top-performer was Materials, up 11.76%, while the worst showing came from Consumer Discretionary, up 0.99%. The S&P 500 Index posted a total return of -13.12% year-to-date through 11/30/22. Three of the 11 major sectors were up on a total return basis. The index's top performer was Energy, up 70.17%, while the worst showing came from Communication Services, down 34.77%. Looking ahead to next year, a Bloomberg survey of 17 equity strategists found that their average 2023 year-end price target for the S&P 500 Index was 4,009 as of 12/1/22, according to its own release. In the current bear market, the lowest closing price posted by the S&P 500 Index was 3,577.03 on 10/12/22. Brian Wesbury believes the S&P 500 Index will test this low again and could go even lower before the next recession is through. Bloomberg's consensus 2023 estimated earnings growth rate for the S&P 500 Index was 2.72% on 12/2/22, a sharp decline from the 9.97% projection made at the start of 2022. As expected, market breadth (advance/decline) in the S&P 500 Index has been relatively narrow this year. Over the first 11 months of this year, the average number of stocks in positive territory in a given month was 46.7%, compared to 57.1% over the same period a year ago, according to S&P Dow Jones Indices. For comparative purposes, the average number of stocks in positive territory over the 5-year period ended 12/31/21 was 68.8%.

Bond Market

The yield on the benchmark 10-year Treasury Note (T-note) closed trading on 11/30/22 at 3.61%, down 44 basis points (bps) from its 4.05% close on 10/31/22, according to Bloomberg. The 3.61% yield stood 148 bps above its 2.13% average for the 10-year period ended 11/30/22. Global bonds added a record \$2.8 trillion in market value in November, according to Bloomberg. November aside, the total returns for the major bond categories we track still reflect a dismal showing year-to-date (See Bloomberg Fixed Income Indices). The yield on the 2-year T-note stood 70 bps higher than the yield on the 10-year T-note at the end of November. This marks the fifth month in a row where the yield curve has remained inverted between these two benchmarks. Historically, inverted yield curves have a good track record of portending that an economic recession is in the offing, perhaps within as few as 12 months. Higher interest rates, a looming recession and negative returns are adversely impacting corporate debt issuance. Fitch Ratings reported that U.S. non-financial investment-grade bond issuance stood at \$439 billion through the first 10 months of 2022, down 28% year-over-year (y-o-y), according to its own release.

Takeaway

Many consumers are already struggling to cope with the stubbornly high rate of inflation, in our opinion. The Consumer Price Index stood at 7.7% y-o-y in October. A recent report by PYMNTS revealed that roughly 45% of workers earning over \$100,000 per year and 28% of those earning over \$200,000 per year are living paycheck to paycheck. Americans are likely dipping into their savings and tapping their credit cards to make ends meet, in our opinion. The Commerce Department reported that the personal savings rate stood at 2.3% in October, its lowest reading since 2005, according to Bloomberg. Household debt climbed at its fastest annual pace since 2008 in the third quarter. Consumer spending accounts for roughly two-thirds of U.S. economic output. While the strong labor market continues to be a nice tailwind for the economy, even the Fed has acknowledged that it expects the labor market to weaken next year.

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	1402.43	12/28/2012	4080.11	-14.94%	-13.12%	1.64%
S&P 500 Growth	3423.28	12/27/2021	747.94	12/28/2012	2558.31	-25.27%	-23.58%	0.99%
S&P 500 Value	1571.24	1/12/2022	641.08	12/4/2012	1495.81	-4.80%	-1.39%	2.22%
S&P MidCap 400	2910.70	11/16/2021	997.15	12/3/2012	2577.78	-11.44%	-8.00%	1.71%
S&P MidCap 400 Growth	1427.19	11/16/2021	455.85	12/28/2012	1182.88	-17.12%	-13.82%	1.16%
S&P MidCap 400 Value	908.15	11/15/2021	342.07	12/3/2012	855.33	-5.82%	-2.06%	2.22%
S&P 100	2219.44	1/3/2022	636.17	12/28/2012	1827.55	-17.66%	-15.48%	1.61%
DJIA	36799.65	1/4/2022	12938.11	12/28/2012	34589.77	-6.01%	-2.89%	1.98%
Nasdaq 100	16573.34	11/19/2021	2606.36	12/28/2012	12030.06	-27.41%	-25.69%	0.92%
Russell 2000	2442.74	11/8/2021	820.60	12/5/2012	1886.58	-22.77%	-14.94%	1.52%
Russell 2000 Growth	1709.62	2/9/2021	467.35	12/5/2012	1165.68	-31.82%	-21.34%	0.83%
Russell 2000 Value	2643.45	11/8/2021	1067.63	3/23/2020	2237.33	-15.36%	-8.49%	2.21%
Russell 3000	2804.93	1/3/2022	832.10	12/28/2012	2358.45	-15.92%	-14.20%	1.61%
MSCI World Net (ex U.S.) (USD)	7936.92	9/6/2021	4136.09	11/30/2012	6704.95	-15.52%	-13.87%	3.26%
MSCI Emerging Markets Net (USD)	699.23	2/17/2021	296.25	1/21/2016	492.99	-29.50%	-18.95%	3.23%
Ibovespa/Brazil (USD)	30947.53	1/3/2013	9077.09	1/21/2016	21248.63	-31.34%	13.12%	8.69%
RTS/Russia (USD)	1919.58	10/25/2021	628.41	1/20/2016	1125.14	-41.39%	-23.16%	10.57%
S&P BSE 500/India (USD)	337.94	1/13/2022	95.89	9/3/2013	311.75	-7.75%	-1.14%	1.31%
Shanghai Composite/China (USD)	832.07	6/12/2015	314.68	12/3/2012	444.33	-46.60%	-20.39%	2.61%
KOSPI/South Korea (USD)	2.93	6/16/2021	1.16	3/19/2020	1.87	-36.06%	-24.48%	2.20%
Hang Seng (USD)	4241.01	1/26/2018	1871.10	10/31/2022	2382.12	-43.83%	-17.91%	3.63%
MSCI Euro (USD)	1705.00	9/6/2021	865.50	3/18/2020	1345.78	-21.07%	-16.03%	3.23%
S&P 500 Consumer Discretionary	1673.27	11/19/2021	368.67	12/28/2012	1133.65	-32.25%	-29.04%	0.92%
S&P 500 Consumer Staples	841.99	4/20/2022	356.83	12/28/2012	804.18	-4.49%	2.26%	2.47%
S&P 500 Energy	737.09	6/23/2014	179.94	3/18/2020	694.30	-5.81%	70.17%	3.59%
S&P 500 Utilities	394.81	9/12/2022	175.22	12/28/2012	361.25	-8.50%	2.10%	2.94%
S&P 500 Financials	688.85	1/12/2022	210.19	12/4/2012	602.43	-12.55%	-5.59%	1.98%
S&P 500 Banks	461.87	1/12/2022	151.37	12/4/2012	355.95	-22.93%	-12.53%	2.92%
FTSE NAREIT All Equity REITs	980.08	12/31/2021	483.48	3/23/2020	753.44	-23.12%	-20.99%	4.00%
S&P 500 Health Care	1664.59	4/8/2022	457.39	12/28/2012	1618.69	-2.76%	-0.04%	1.53%
S&P 500 Pharmaceuticals	1025.13	11/30/2022	369.24	12/28/2012	1025.13	0.00%	9.78%	2.31%
NYSE Arca Biotechnology	6319.77	2/8/2021	1517.08	12/28/2012	5315.75	-15.89%	-3.39%	0.28%
S&P 500 Information Technology	3107.46	12/27/2021	454.02	12/28/2012	2371.98	-23.67%	-21.63%	1.02%
Philadelphia Semiconductor	4039.51	12/27/2021	372.54	12/3/2012	2826.85	-30.02%	-27.42%	1.40%
S&P 500 Communication Services	288.46	9/1/2021	130.86	12/24/2018	172.94	-40.05%	-34.77%	1.10%
S&P 500 Industrials	905.63	1/4/2022	318.14	12/3/2012	858.06	-5.25%	-2.59%	1.63%
S&P 500 Materials	569.63	12/31/2021	224.11	12/5/2012	519.72	-8.76%	-7.11%	2.12%
Philadelphia Gold & Silver	170.20	11/30/2012	38.84	1/19/2016	120.73	-29.07%	-7.10%	2.12%
Refinitiv/CC CRB Excess Return	329.59	6/9/2022	106.29	4/21/2020	279.76	-15.12%	20.39%	N/A
ICE BofA Perpetual Preferred	319.67	9/22/2021	179.47	8/19/2013	275.92	-13.69%	-12.84%	7.21%
ICE BofA U.S. High Yield Constrained	522.13	12/28/2021	309.99	11/30/2012	466.85	-10.59%	-10.54%	8.68%

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