

Open-End Net Fund Flows (\$)	5/22	4/22	YTD (May)
Equity	-35.54B	-33.40B	-115.41B
Taxable Bond	-65.54B	-31.69B	-161.19B
Municipal Bond	-20.21B	-24.45B	-73.36B
Hybrid	-8.92B	-4.28B	-23.78B
Taxable Money Market	-16.02B	-72.94B	-253.60B

Key Interest Rates	6/30/22	12/31/21	6/30/21
Federal Funds Target Rate	1.75%	0.25%	0.25%
2-Year T-Note	2.96%	0.73%	0.25%
5-Year T-Note	3.04%	1.26%	0.89%
10-Year T-Note	3.02%	1.51%	1.47%
Bond Buyer 40	4.51%	3.45%	3.41%

Commodities/U.S. Dollar	6/22	YTD	12 Mo.
U.S. Dollar Index (DXY)	2.89%	9.43%	13.25%
Refinitiv/CC CRB Excess Ret.	-8.02%	25.29%	36.44%
Crude Oil/WTI (per Barrel)	-7.77%	40.62%	43.95%
Natural Gas (per million BTUs)	-33.50%	45.31%	48.49%
Gold Bullion (Ounce)	-1.92%	-1.16%	2.02%

Total Return Performance

U.S. Stock Indices	6/22	YTD	12 Mo.
S&P 500	-8.26%	-19.97%	-10.64%
DJIA	-6.56%	-14.44%	-9.05%
NASDAQ 100	-8.94%	-29.22%	-20.38%
S&P MidCap 400	-9.62%	-19.57%	-14.69%
Russell 2000	-8.23%	-23.45%	-25.24%
Russell 3000	-8.37%	-21.11%	-13.88%

U.S. Styles/Market Caps	6/22	YTD	12 Mo.
S&P 500 Growth	-8.28%	-27.62%	-16.41%
S&P 500 Value	-8.24%	-11.42%	-4.89%
S&P MidCap 400 Growth	-9.98%	-24.95%	-20.54%
S&P MidCap 400 Value	-9.29%	-14.04%	-8.70%
Russell 2000 Growth	-6.19%	-29.46%	-33.45%
Russell 2000 Value	-9.88%	-17.34%	-16.34%

Foreign Stock Indices (USD)	6/22	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	-9.41%	-18.76%	-16.76%
MSCI Emerging Markets NET	-6.65%	-17.63%	-25.28%
MSCI Europe NET	-9.95%	-20.79%	-17.61%
MSCI BRIC NET	0.25%	-17.02%	-30.07%
MSCI EM Latin America NET	-17.00%	-0.57%	-16.08%
Nikkei 225	-8.22%	-21.32%	-23.47%

Bloomberg Fixed Income Ind.	6/22	YTD	12 Mo.
U.S. Treasury: Intermediate	-0.74%	-5.80%	-6.35%
GNMA 30 Year	-1.80%	-7.88%	-8.30%
Municipal Bond (22+)	-3.80%	-14.66%	-13.96%
U.S. Aggregate	-1.57%	-10.35%	-10.29%
Intermediate Corporate	-1.95%	-8.97%	-9.41%
U.S. Corporate High Yield	-6.73%	-14.19%	-12.81%
Global Aggregate	-3.21%	-13.91%	-15.25%
EM Hard Currency Aggregate	-4.97%	-18.50%	-19.81%

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

As we head into the second half of 2022, the latest hot topic appears to be whether or not the U.S. economy is on the cusp of a recession. After all, real GDP growth did come in at an annualized -1.6% in Q1'22, according to data from the Bureau of Economic Analysis. The technical definition of a recession is two consecutive quarters of negative GDP growth. Opinions on this topic vary. Some pundits believe the U.S. economy is already in recession. Brian Wesbury, Chief Economist at First Trust L.P., is not one of them. Wesbury notes that the official arbiter of recessions, the National Bureau of Economic Research, considers other factors beyond just real GDP, including the job market, manufacturing activity and real incomes. While subject to change, Wesbury does not currently foresee a recession arriving until late 2023 or 2024. The next GDP release for Q2'22 is scheduled for the morning of 7/28/22. Inflation, the war between Russia and Ukraine and supply-chain problems continue to dominate the headlines as well. The next hurdle could be the midterm elections on 11/8.

Stock Market

The S&P 500 Index ("index") closed June 2022 at 3,785.38, 21.08% 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 22.05% and 23.06%, respectively, below their record closing highs as of month-end. All three indices are in bear market territory, which is defined as a price drop of 20% or more from the most recent peak price of a security or index. In June 2022, the S&P 500 Index posted a total return of -8.26%. None of the 11 major sectors that comprise the index were up on a total return basis. The top-performer was Consumer Staples, down 2.50%, while the worst showing came from Energy, down 16.91%. The index posted a total return of -19.97% year-to-date through 6/30/22. Only one of the 11 major sectors was up on a total return basis. The index's top performer was Energy, up 31.64%, while the worst showing came from Consumer Discretionary, down 32.82%. The energy sector has clearly received a boost from the oil and gas disruptions stemming from the sanctions levied against Russia following its invasion of Ukraine in February 2022. As noted above, the major U.S. equity indices have slid into bear market territory. With respect to the S&P 500 Index, its first half price-only decline (does not include dividends) of 20.58% was the worst showing since a 21.01% decline in the first half of 1970, according to MarketWatch. Statistics provided by Dow Jones Market Data indicate that, since 1932, the S&P 500 Index has endured a first-half decline of 15% or more on five occasions (1932, 1939, 1940, 1962 & 1970). The index rebounded over the following six months in each of those instances. The average second-half return for the five occurrences was 23.7%, with a median return of 15.3%, according to MarketWatch. For comparative purposes, *Forbes* just reported that data from CFRA indicates that the average price-only return for the S&P 500 Index spanning the 14 bear markets since 1945 was -32%. The average length of those bear markets was 12 months and it took 23 months, on average, to fully recoup the losses sustained in said bear markets. YTD through 6/30/22, approximately 26% of the companies in the S&P 500 Index saw their stock prices plunge by 30% or more, according to data from Bloomberg.

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) closed trading on 6/30/22 at 3.02%, up 17 basis points (bps) from its 2.85% close on 5/31/22, according to Bloomberg. The 3.02% yield stood 96 bps above its 2.06% average for the 10-year period ended 6/30/22. The 17 basis point rise in the yield on the 10-year T-note doesn't tell the whole story for June. Our "Takeaway" message in last month's edition pointed out how difficult it has been for the Treasury market to sustain bond yields above the 3.00% mark over the past decade. Here we are again at 3.02% as of 6/30/22. In June, the yield on the 10-year T-note reached as high as 3.48% at the close on 6/14, up 63 bps from 5/31/22. The Federal Reserve hiked rates by 75 bps on 6/15. Ironically, perhaps due in part to growing recessionary fears, the yield proceeded to plunge by 46 bps over the next two weeks. That is extremely volatile, in our opinion. Using the Consumer Price Index as a proxy for inflation, the real rate of return (yield minus inflation) on the 10-year T-note stood at -5.5% on 6/29/22, unchanged from 12/31/21.

Takeaway

We do not know when the stock market will bottom. One indicator that some investors use to signal a potential bottom in the S&P 500 Index is the CBOE Volatility Index (VIX). It is also known as the fear index. While the average reading on the VIX is just below 20 (19.56) for the 30-year period ended 6/30/22, the level investors are watching for is 40 and above. That level of fear could imply that investors are finally capitulating (throwing in the proverbial towel).

Data as of 6/30/22

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	1334.76	7/12/2012	3785.38	-21.08%	-19.97%	1.70%
S&P 500 Growth	3423.28	12/27/2021	727.59	7/12/2012	2433.76	-28.91%	-27.62%	0.97%
S&P 500 Value	1571.24	1/12/2022	599.99	7/12/2012	1356.76	-13.65%	-11.42%	2.37%
S&P MidCap 400	2910.70	11/16/2021	914.97	7/24/2012	2268.92	-22.05%	-19.57%	1.82%
S&P MidCap 400 Growth	1427.19	11/16/2021	416.44	7/24/2012	1034.57	-27.51%	-24.95%	1.30%
S&P MidCap 400 Value	908.15	11/15/2021	315.47	7/25/2012	757.11	-16.63%	-14.04%	2.29%
S&P 100	2219.44	1/3/2022	612.65	7/12/2012	1725.61	-22.25%	-20.77%	1.67%
DJIA	36799.65	1/4/2022	12542.38	11/15/2012	30775.43	-16.37%	-14.44%	2.15%
NASDAQ 100	16573.34	11/19/2021	2524.36	11/15/2012	11503.72	-30.59%	-29.22%	0.93%
Russell 2000	2442.74	11/8/2021	767.75	7/24/2012	1707.99	-30.08%	-23.45%	1.64%
Russell 2000 Growth	1709.62	2/9/2021	441.25	11/15/2012	1048.54	-38.67%	-29.46%	0.80%
Russell 2000 Value	2643.45	11/8/2021	1010.25	7/24/2012	2039.02	-22.87%	-17.34%	2.50%
Russell 3000	2804.93	1/3/2022	787.21	7/24/2012	2183.43	-22.16%	-21.11%	1.68%
MSCI World Net (ex U.S.) (USD)	7936.92	9/6/2021	3605.86	7/25/2012	6324.54	-20.32%	-18.76%	3.47%
MSCI Emerging Markets Net (USD)	699.23	2/17/2021	296.25	1/21/2016	501.05	-28.34%	-17.63%	2.95%
Ibovespa/Brazil (USD)	30947.53	1/3/2013	9077.09	1/21/2016	18813.97	-39.21%	0.16%	9.39%
RTS/Russia (USD)	1919.58	10/25/2021	628.41	1/20/2016	1345.01	-29.93%	-14.56%	7.88%
S&P BSE 500/India (USD)	337.94	1/13/2022	95.89	9/3/2013	270.13	-20.07%	-14.85%	1.44%
Shanghai Composite/China (USD)	832.07	6/12/2015	314.68	12/3/2012	507.31	-39.03%	-10.51%	2.26%
KOSPI/South Korea (USD)	2.93	6/16/2021	1.16	3/19/2020	1.81	-38.25%	-27.43%	2.03%
Hang Seng (USD)	4241.01	1/26/2018	2352.43	3/15/2022	2785.64	-34.32%	-5.42%	3.10%
MSCI Euro (USD)	1705.00	9/6/2021	827.58	7/24/2012	1215.11	-28.73%	-24.52%	3.68%
S&P 500 Consumer Discretionary	1673.27	11/19/2021	337.53	7/25/2012	1077.78	-35.59%	-32.82%	0.88%
S&P 500 Consumer Staples	841.99	4/20/2022	351.96	11/15/2012	750.05	-10.92%	-5.58%	2.60%
S&P 500 Energy	737.09	6/23/2014	179.94	3/18/2020	546.24	-25.89%	31.64%	4.02%
S&P 500 Utilities	390.94	4/8/2022	171.80	11/15/2012	356.45	-8.82%	-0.56%	3.00%
S&P 500 Financials	688.85	1/12/2022	191.31	7/24/2012	523.35	-24.03%	-18.73%	2.20%
S&P 500 Banks	461.87	1/12/2022	147.32	11/14/2012	312.02	-32.44%	-24.40%	3.19%
FTSE NAREIT All Equity REITs	980.08	12/31/2021	480.52	11/15/2012	779.82	-20.43%	-19.17%	3.49%
S&P 500 Health Care	1664.59	4/8/2022	433.08	7/24/2012	1494.31	-10.23%	-8.33%	1.61%
S&P 500 Pharmaceuticals	1004.60	6/27/2022	357.77	7/11/2012	986.21	-1.83%	4.51%	2.34%
NYSE Arca Biotechnology	6319.77	2/8/2021	1397.78	10/31/2012	4626.81	-26.79%	-15.99%	0.50%
S&P 500 Information Technology	3107.46	12/27/2021	439.47	11/15/2012	2222.96	-28.46%	-26.91%	1.05%
Philadelphia Semiconductor	4039.51	12/27/2021	351.45	7/17/2012	2556.25	-36.72%	-34.78%	1.57%
S&P 500 Communication Services	288.46	9/1/2021	130.86	12/24/2018	186.03	-35.51%	-30.16%	1.12%
S&P 500 Industrials	905.63	1/4/2022	297.30	7/12/2012	738.41	-18.46%	-16.79%	1.79%
S&P 500 Materials	569.63	12/31/2021	215.43	7/12/2012	463.16	-18.69%	-17.90%	2.31%
Philadelphia Gold & Silver	195.20	9/21/2012	38.84	1/19/2016	111.12	-43.07%	-15.35%	2.27%
Refinitiv/CC CRB Excess Return	329.59	6/9/2022	106.29	4/21/2020	291.15	-11.66%	25.29%	N/A
ICE BofA Perpetual Preferred	319.67	9/22/2021	179.05	6/30/2012	271.79	-14.98%	-14.14%	6.53%
ICE BofA U.S. High Yield Constrained	522.13	12/28/2021	291.72	6/30/2012	448.66	-14.07%	-14.03%	8.97%

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