

Open-End Net Fund Flows (\$)	5/23	4/23	YTD (May)
Equity	-55.0B	-29.4B	-168.9B
Taxable Bond	2.4B	2.3B	12.7B
Municipal Bond	-2.0B	-0.7B	4.6B
Hybrid	-11.9B	-7.3B	-40.3B
Taxable Money Market	156.5B	2.23B	592.7B

Key Interest Rates/Yields	6/30/23	5/31/23	6/30/22
Federal Funds Target Rate	5.25%	5.25%	1.75%
2-Year T-Note	4.90%	4.41%	2.96%
5-Year T-Note	4.16%	3.76%	3.04%
10-Year T-Note	3.84%	3.65%	3.02%
Bond Buyer 40	4.44%	4.53%	4.51%

Commodities/U.S. Dollar	6/23	YTD	12 Mo.
U.S. Dollar Index (DXY)	-1.36%	-0.59%	-1.69%
Refinitiv/CC CRB Excess Ret.	3.21%	-5.67%	-10.01%
Crude Oil/WTI (per Barrel)	3.75%	-11.99%	-33.21%
Natural Gas (per million BTUs)	23.48%	-37.47%	-48.41%
Gold Bullion (Ounce)	-1.76%	5.65%	6.76%

Total Return Performance

U.S. Stock Indices	6/23	YTD	12 Mo.
S&P 500	6.61%	16.88%	19.56%
DJIA	4.68%	4.94%	14.23%
Nasdaq 100	6.55%	39.35%	33.13%
S&P MidCap 400	9.16%	8.81%	17.53%
Russell 2000	8.13%	8.06%	12.27%
Russell 3000	6.83%	16.16%	18.93%

U.S. Styles/Market Caps	6/23	YTD	12 Mo.
S&P 500 Growth	6.38%	21.24%	18.24%
S&P 500 Value	6.88%	12.13%	19.94%
S&P MidCap 400 Growth	8.71%	10.41%	19.15%
S&P MidCap 400 Value	9.63%	7.13%	15.89%
Russell 2000 Growth	8.29%	13.55%	18.49%
Russell 2000 Value	7.94%	2.46%	5.96%

Foreign Stock Indices (USD)	6/23	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	4.75%	11.29%	17.41%
MSCI Emerging Markets NET	3.80%	4.89%	1.75%
MSCI Europe NET	4.79%	13.59%	21.81%
MSCI BRIC NET	5.40%	-0.38%	-5.29%
MSCI EM Latin America NET	12.01%	18.52%	29.84%
Nikkei 225	4.13%	16.78%	20.89%

Bloomberg Fixed Income Ind.	6/23	YTD	12 Mo.
U.S. Treasury: Intermediate	-0.93%	1.10%	-1.02%
GNMA 30 Year	-0.30%	2.07%	-1.13%
Municipal Bond (22+)	1.68%	4.96%	3.84%
U.S. Aggregate	-0.36%	2.09%	-0.94%
Intermediate Corporate	-0.17%	2.33%	1.85%
U.S. Corporate High Yield	1.67%	5.38%	9.06%
Global Aggregate	-0.01%	1.43%	-1.32%
EM Hard Currency Aggregate	1.75%	3.55%	5.96%

Sources: Bloomberg and Investment Company Institute

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Climate

On 6/8/23 a new bull market began when the S&P 500 Index closed at 4,293.93 on 6/8/23, 20.04% above its most recent low of 3,577.03 (which occurred on October 12, 2022). Driven by developments in Artificial Intelligence (AI), the S&P 500 Index has had an exceptional start to the year (see "Stock Market" section below). Additionally, better-than-expected economic data and the Federal Reserve's ("Fed") most recent decision to pause interest rate hikes could be providing investors with the data they need to take on additional risk in the equity markets, in our opinion. The U.S. added 209,000 jobs in June, and the unemployment rate fell to 3.6% from 3.7% in May. Recently, Q1'23 GDP growth was revised upwards from an annual rate of 1.3% to 2.0%. In our view, a robust labor market continues to fuel the U.S. consumer. In June 2023, the University of Michigan's Index of Consumer Sentiment came in at a reading of 64.4, significantly higher than when it stood at 50.0 in June 2022. The same survey revealed that year-ahead inflation expectations fell for the second consecutive month, declining to 3.3% in June from 4.2% in May, the lowest the reading has been since March 2021. Driven by the rebound in the stock market, the Federal Reserve reported that the net worth of U.S. households stood at \$148.8 trillion at the end Q1'23, up from \$145.8 trillion at the end of Q4'22.

Stock Market

The S&P 500 Index closed June 2023 at 4,450.38, 7.22% 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 9.91% and 17.03%, respectively, below their record closing highs as of 6/30/23. In June 2023, the S&P 500 Index posted a total return of 6.61%. Each of the eleven major sectors that comprise the index registered positive total returns for the month. The top-performer was Consumer Discretionary up 12.07%, while the worst showing came from Utilities which were up 1.65%. The S&P 500 Index posted a total return of 16.88% over the trailing 12-month period ended 6/30/23. Seven of the eleven major sectors were up on a total return basis. The index's top performer was Technology, up 42.77%, while the worst showing came from Utilities, down 5.69%. Full-year 2023 earnings estimates were revised slightly downward month-over-month, with forecasted earnings per share of \$217.3 as of 6/30/23, down from \$218.5 and \$227.8 where they stood on 6/2/23 and 12/30/22, respectively. Bloomberg's consensus 2023 year-over-year earnings growth rate estimates for the S&P 500 Index stood at -2.72% as of 6/30/23. A Bloomberg survey of 23 equity strategists found that their average 2023 year-end price target for the S&P 500 Index was 4,091 as of 6/15/23, according to its own release. As many investors are aware, a bear market is defined as a 20% decline from the previous peak, while a bull market is a 20% increase from the most recent low. On 6/8/23, the S&P 500 Index closed 20.04% higher than its most recent low (set on 10/12/22), signaling the end of a bear market which had spanned a total of 248 trading days. As such, it was the second-longest running bear market since 5/15/48 when the S&P 500 broke out of a bear market that lingered for 484 days. For comparison, excluding the most recent one, the average bear market in the S&P 500 Index has spanned 142 trading days.

Bond Market

The yield on the benchmark 10-year Treasury Note (T-note) closed trading on 6/30/23 at 3.84%, up 19 basis points (bps) from its 3.65% close on 5/31/23, according to Bloomberg. The 3.84% yield stood 161 bps above its 2.23% average for the 10-year period ended 6/30/23. On a year-to-date (YTD) basis, through 6/30/23, the yield on the 10-year T-note fell by 37 bps. As indicated by the yields in our "Key Interest Rates/Yields" section to the left, investors appear to have shifted to a "risk-on" mentality, leaving the relative safety of government bonds and seeking opportunity in equities. That said, the yield on the 2-year T-note stood 106 bps higher than the yield on the 10-year T-note at the end of June. This marks 12 months in a row where the yield curve has remained inverted between these two benchmarks. Historically, inverted yield curves have a good track record of indicating that an economic recession could be in the making.

Takeaway

We are happy to report that advancements in AI, a robust U.S. consumer, and surprisingly good economic data propelled the S&P 500 Index into a new bull market in June. We would be remiss, however, if we failed to mention that threats to the new bull market and the U.S. economy do exist. Equity valuations could become overly extended if the Fed resumes interest rate hikes, which, by the Fed's own admission, is likely. Economic data appears to show that productivity is falling in the U.S. In the past year, total jobs have increased 2.7%. One would think that with 2.7% more people working, the economy would grow by at least that much, yet, real GDP is up only 1.6% over the past year, according to Brian Wesbury, Chief Economist at First Trust Portfolios LP. Foreclosure activity (including default notices) in the U.S. increased by 14% year-over-year in May. Globally, households are struggling to make ends meet. Citing the results of its '2023 Hopes and Fears Global Workforce Survey', PwC (PricewaterhouseCoopers) reported that 46% of workers said their household was struggling to pay bills each month, or that they could not pay bills most of the time. In the U.S., consumer spending accounted for 68.3% of GDP in Q1'23. In our view, if the consumer comes under pressure, the U.S. economy could follow suit.

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	1614.08	7/2/2013	4450.38	-7.22%	16.88%	1.55%
S&P 500 Growth	3423.28	12/27/2021	850.64	7/1/2013	2843.14	-16.95%	21.24%	1.24%
S&P 500 Value	1592.50	6/30/2023	753.37	7/3/2013	1592.50	0.00%	12.13%	1.93%
S&P MidCap 400	2910.70	11/16/2021	1170.68	7/2/2013	2622.34	-9.91%	8.81%	1.78%
S&P MidCap 400 Growth	1427.19	11/16/2021	525.88	7/2/2013	1217.24	-14.71%	10.41%	1.43%
S&P MidCap 400 Value	932.50	2/2/2023	373.28	3/23/2020	859.34	-7.85%	7.13%	2.14%
S&P 100	2219.44	1/3/2022	724.36	7/1/2013	2074.49	-6.53%	22.38%	1.47%
DJIA	36799.65	1/4/2022	14776.13	8/27/2013	34407.60	-6.50%	4.94%	2.07%
Nasdaq 100	16573.34	11/19/2021	2927.35	7/1/2013	15179.21	-8.41%	39.35%	0.73%
Russell 2000	2442.74	11/8/2021	953.72	2/11/2016	1888.73	-22.68%	8.06%	1.69%
Russell 2000 Growth	1709.62	2/9/2021	573.10	2/11/2016	1232.98	-27.88%	13.55%	0.69%
Russell 2000 Value	2643.45	11/8/2021	1067.63	3/23/2020	2111.65	-20.12%	2.46%	2.69%
Russell 3000	2804.93	1/3/2022	961.53	7/2/2013	2554.49	-8.93%	16.16%	1.54%
MSCI World Net (ex U.S.) (USD)	7936.92	9/6/2021	4189.62	2/11/2016	7425.92	-6.44%	11.29%	3.30%
MSCI Emerging Markets Net (USD)	699.23	2/17/2021	296.25	1/21/2016	509.82	-27.09%	4.89%	3.00%
Ibovespa/Brazil (USD)	29488.46	1/2/2020	9077.09	1/21/2016	24504.97	-16.90%	16.51%	6.12%
RTS/Russia (USD)	1919.58	10/25/2021	628.41	1/20/2016	982.94	-48.79%	5.25%	10.54%
S&P BSE 500/India (USD)	337.94	1/13/2022	95.89	9/3/2013	317.85	-5.95%	7.63%	1.36%
Shanghai Composite/China (USD)	832.07	6/12/2015	319.26	7/8/2013	441.43	-46.95%	-0.33%	2.68%
KOSPI/South Korea (USD)	2.93	6/16/2021	1.16	3/19/2020	1.95	-33.64%	10.10%	1.81%
Hang Seng (USD)	4241.01	1/26/2018	1871.10	10/31/2022	2413.89	-43.08%	-3.19%	3.84%
MSCI Euro (USD)	1705.00	9/6/2021	865.50	3/18/2020	1571.15	-7.85%	20.41%	3.30%
S&P 500 Consumer Discretionary	1673.27	11/19/2021	450.23	7/1/2013	1330.54	-20.48%	32.97%	0.88%
S&P 500 Consumer Staples	841.99	4/20/2022	403.32	8/28/2013	778.82	-7.50%	1.28%	2.55%
S&P 500 Energy	737.09	6/23/2014	179.94	3/18/2020	623.56	-15.40%	-5.55%	4.05%
S&P 500 Utilities	394.81	9/12/2022	185.34	9/5/2013	332.80	-15.71%	-5.69%	3.28%
S&P 500 Financials	688.85	1/12/2022	261.50	8/30/2013	561.11	-18.54%	-0.53%	1.87%
S&P 500 Banks	461.87	1/12/2022	180.19	2/11/2016	297.33	-35.62%	-7.78%	3.57%
FTSE NAREIT All Equity REITs	980.08	12/31/2021	483.48	3/23/2020	716.82	-26.86%	2.91%	4.38%
S&P 500 Health Care	1664.59	4/8/2022	551.11	7/3/2013	1548.62	-6.97%	-1.48%	1.66%
S&P 500 Pharmaceuticals	1037.48	12/14/2022	435.11	7/3/2013	994.33	-4.16%	-0.43%	2.46%
NYSE Arca Biotechnology	6319.77	2/8/2021	1994.82	8/19/2013	5225.24	-17.32%	-0.94%	0.25%
S&P 500 Information Technology	3107.46	12/27/2021	492.52	7/1/2013	3085.84	-0.70%	42.77%	0.82%
Philadelphia Semiconductor	4039.51	12/27/2021	451.22	8/27/2013	3673.06	-9.07%	46.01%	1.28%
S&P 500 Communication Services	288.46	9/1/2021	130.86	12/24/2018	216.08	-25.09%	36.24%	0.81%
S&P 500 Industrials	908.09	6/30/2023	369.23	7/2/2013	908.09	0.00%	10.19%	1.68%
S&P 500 Materials	569.63	12/31/2021	234.97	1/25/2016	521.93	-8.37%	7.74%	2.00%
Philadelphia Gold & Silver	167.76	4/14/2022	38.84	1/19/2016	120.03	-28.45%	0.28%	2.12%
Refinitiv/CC CRB Excess Return	329.59	6/9/2022	106.29	4/21/2020	261.99	-20.51%	-5.67%	N/A
ICE BofA Perpetual Preferred	319.67	9/22/2021	179.47	8/19/2013	281.07	-12.07%	3.49%	7.19%
ICE BofA U.S. High Yield Constrained	522.13	12/28/2021	313.74	2/11/2016	488.46	-6.45%	5.42%	8.63%

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