

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.00 (unch)	GNMA (30 Yr) 6% Coupon:	112-26/32 (1.98%)
6 Mo. T-Bill:	1.11 (-01 bps)	Duration:	3.94 years
1 Yr. T-Bill:	1.23 (unch)	Bond Buyer 40 Yield:	4.00 (-01 bps)
2 Yr. T-Note:	1.33 (+03 bps)	Crude Oil Futures:	47.87 (-0.64)
3 Yr. T-Note:	1.46 (unch)	Gold Spot:	1,291.35 (7.22)
5 Yr. T-Note:	1.76 (unch)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.17 (-03 bps)	U.S. High Yield:	6.11 (-05 bps)
30 Yr. T-Bond:	2.75 (-03 bps)	BB:	4.61 (-06 bps)
		B:	6.19 (-05 bps)

Treasuries seesawed throughout the week as investors reacted to geopolitical concerns and indications of changes to fiscal and monetary policy. Treasury yields rose as the White House and Congress made progress on tax reform. Tuesday, Trump threatened a government shutdown at a rally in Phoenix if he doesn't get funding for the Mexico border wall, sending yields lower. His comments were in stark contrast to promises made by Senate Majority leader Mitch McConnell; highlighting the disconnect between the President and Congress and rattling markets. The new fiscal year begins October 1 therefore, Congress must authorize legislation in September to avoid a government shutdown. The most recent estimates indicate the federal debt ceiling will be reached September 29. Treasury Secretary Steven Mnuchin attempted to allay fears that the debt ceiling will be reached before Congress raises the borrowing limit; stating "the government intends to pay its debts and the debt ceiling will be raised". Last week ended with the annual central banker economic symposium in Jackson Hole, Wyoming. Fed Chair Janet Yellen's remarks focused on regulation and she did not mention the Fed's monetary policy tightening plan. A growing number are of the opinion that this will be Ms. Yellen's last appearance at the annual symposium as the Fed Chair. Yields were modestly affected by her speech. Major economic reports (related consensus forecasts; prior data) for the upcoming week include: Monday: July Wholesale Inventories MoM (0.3%, 0.7%); Tuesday: August Consumer Confidence (120.7, 121.1); Wednesday: GDP Annualized QoQ (2.7%, 2.6%), Personal Consumption (3.0%, 2.8%); Thursday: July Personal Spending (0.4%, 0.1%), August Chicago Purchasing Manager (59.2, 58.9); Friday: ISM Prices Paid (63, 62).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	21,813.67 (0.71%)	Strong Sectors:	Info Tech, Telecom,
S&P 500:	2,443.05 (0.75%)		Materials
S&P Midcap:	1,708.97 (1.01%)	Weak Sectors:	Industrials, Cons. Discretionary,
S&P Smallcap:	827.65 (1.15%)		Cons. Staples
NASDAQ Comp:	6,265.64 (0.80%)	NYSE Advance/Decline:	2,126 / 944
Russell 2000:	1,377.45 (1.46%)	NYSE New Highs/New Lows:	207 / 203
		AAII Bulls/Bears:	28.1% / 38.3%

U.S. equities were generally positive last week, after falling the previous two weeks. For last week, the large cap S&P 500 index returned 0.75%, while the mid cap S&P 400 returned 1.01% and the small cap S&P 600 had a 1.15% return. Consumer staples were the worst performing sector in the S&P 500 partly from disappointing earnings announcements but also because of new plans from **Amazon Inc.**, their acquisition of **Whole Foods Market Inc.** is due to close Monday August 29th, which are expected to disrupt the grocery industry. Amazon announced intentions to slash prices on many home staple products currently sold at Whole Foods and they expect to sell Whole Foods private label 365 brand on Amazon soon. Amazon also announced that those Whole Foods customers that have a Prime membership will have additional benefits at the grocery store. Predictably this news sent grocery store stocks tumbling. **Kroger Co.** fell -4.9% for the week and -11.0% since Amazon agreed to buy Whole foods, **Costco Inc.** had a -2.9% weekly return and -15.1% since the deal was announced and **Super Value Inc.** had a -10.0% weekly return and -23.2% since the deal was announced. Several other staples names struggled this week as **JM Smucker Co.** fell over 13.7% on earnings news that revenue came light, **Hormel Foods Corp** returned -8.1% after announcing disappointing revenue and earnings. Several retail names announced strong earnings and were some of the top performing names in the S&P 500. **Signet Jewelers LTD** soared 17.0% after announcing higher revenue as their end markets have strengthened. **Urban Outfitters Inc.** rallied 12.2% after announcing revenue and earnings above analyst projections. Several newsworthy events are expected next week. First, a damage report from Hurricane Harvey, then 2Q GDP and August job reports are expected.

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