

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	4.387 (-9.9 bps)	Bond Buyer 40 Yield:	4.17 (-6 bps)
6 Mo. T-Bill:	4.346 (-9.3 bps)	Crude Oil Futures:	67.20 (-0.80)
1 Yr. T-Bill:	4.177 (-10.2 bps)	Gold Spot:	2,633.37 (-9.78)
2 Yr. T-Note:	4.104 (-4.7 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.061 (-2.9 bps)	US High Yield:	7.27 (-9 bps)
5 Yr. T-Note:	4.036 (-1.2 bps)	BB:	6.19 (-6 bps)
10 Yr. T-Note:	4.153 (-1.6 bps)	B:	7.34 (-13 bps)
30 Yr. T-Bond:	4.336 (-2.4 bps)		

Treasury yields continued their decline last week, as shorter-duration yields saw significant declines while longer-duration yields fell moderately. The prospect of additional tariffs on the BRIC alliance nations, which could potentially reaccelerate inflation, drove yields higher early on in the week. However, yields fell on Wednesday after French Prime Minister Michel Barnier's government was toppled in a historic vote of no confidence. Yields ultimately ended the week lower following the release of mixed economic reports and an increase in demand for the perceived safety of U.S. government debt. The ISM Manufacturing report saw the index beat consensus expectations and increase to 48.4 in November. Despite rising to the highest level since June, the measure remains below 50, signaling contraction. The ISM Non-Manufacturing report saw the index decline to 52.1 in November, falling short of the consensus expected 55.7. The drop can be attributed to lower readings for all major measures of activity as the index declined to a three-month low. The trade deficit in goods and services came in at \$73.8 billion in October, slightly lower than the consensus estimated \$75.0 billion. Total trade volume fell sharply in October, declining by \$18.5 billion, which more than offset the large increase in the prior month. The November employment report saw nonfarm payrolls increase by 227,000 for the month, slightly above the consensus expected 220,000. Payroll growth rebounded sharply in November, but the trend in the labor market is toward slower growth. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Wednesday: December 6 MBA Mortgage Applications (n/a, 2.8%), November CPI MoM (0.3%, 0.2%), November CPI YoY (2.7%, 2.6%); Thursday: November PPI Final Demand MoM (0.3%, 0.2%), December 7 Initial Jobless Claims (220k, 224k).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow®	44,642.52 (-0.53%)	Strong Sectors:	Cons. Discretionary, Comm. Services
S&P 500®	6,090.27 (0.99%)		Info Tech
S&P MidCap 400®	3,331.37 (-1%)	Weak Sectors:	Materials, Utilities
S&P SmallCap 600®	1,510.70 (-1.4%)		Energy
Nasdaq Composite®	19,859.77 (3.36%)	NYSE Advance/Decline:	1,060 / 1,789
Russell 2000®	2,409.00 (-1.03%)	NYSE New Highs/New Lows:	339 / 96
		AAll Bulls/Bears:	48.3% / 30.7%

The S&P 500 returned 99 bps last week, carried by the only three positive sectors: Consumer Discretionary, Communication Services, and Information Technology. Consumer Discretionary name **Amazon.com Inc.** rose over 9% as the company released new information about their Trainium2 AI chip and other innovations at their re:Invent 2024 conference last week, exciting investors. Car maker **Tesla Inc.** rose after details emerged about the company's proposed robotaxi having far fewer parts required than their Model3. **Meta Platforms Inc.** led communication services names in the S&P 500, jumping at the end of the week after an attempt to block social media competitor TikTok was left untouched by a U.S. appeals court. The Information Technology sector was led by the Software industry. Software name **Palantir Technologies Inc.** rose almost 14% over the week, announcing a strategic partnership with **Booz Allen Hamilton Holdings Corp** regarding warfare information infrastructure. Salesforce Inc rose over 9% after the company's third quarter earnings report beat the market's expectations for revenue and free cash flow, while the company's discussion of its AI offering, Agentforce, excited investors. Energy performed worst among sectors in the S&P 500 as OPEC's decision to slow supply cuts this week failed to assuage investor concerns about oil oversupply, with oil prices falling over the week. In other news, the ISM Manufacturing PMI for November was 48.4; a PMI below 50 indicates a contraction, but the figure exceeded the market's expectation of 47.5. The ISM Services PMI for November came in at 52.1, below the 55.7 figure expected. After a revised 36k October number in the destructive wake of Hurricane Helene, nonfarm payrolls rebounded by adding 227k new jobs in November, above the 220k expected. Initial jobless claims for the week ending November 30th were 224k, above the 215k expected. The unemployment rate rose 10 basis points to 4.2% from 4.1%, whereas the market expected it to remain flat. The labor force participation rate fell 10 basis points to 62.5% from 62.6%, but the market expectation for that November reading was 62.7%. Upcoming this week there will be plenty of news for investors to digest; on the economic front, we will get nonfarm productivity, CPI data, real wage growth, and jobless claims. On the earnings front, only six members of the S&P 500 are expected to report quarterly earnings, including semiconductor name **Broadcom Inc.**, software names **Oracle Corp.** and **Adobe Inc.**, and staples name **Costco Wholesale Corp.**

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