

## US Economy and Credit Markets

### Yields and Weekly Changes:

3 Mo. T-Bill:	4.602 (-5.2 bps)	Bond Buyer 40 Yield:	4.21 (-2 bps)
6 Mo. T-Bill:	4.383 (-7.7 bps)	Crude Oil Futures:	68.18 (-3.74)
1 Yr. T-Bill:	3.922 (-1.3 bps)	Gold Spot:	2,658.24 (36.36)
2 Yr. T-Note:	3.559 (-3.2 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.478 (-0.2 bps)	U.S. High Yield:	7.24 (-1 bps)
5 Yr. T-Note:	3.505 (0.7 bps)	BB:	5.98 (unch.)
10 Yr. T-Note:	3.751 (0.9 bps)	B:	7.29 (unch.)
30 Yr. T-Bond:	4.104 (2.0 bps)		

Treasuries are on track for their fifth straight month of gains in September, the longest win streak since 2010, on the heels of the Fed's double rate cut the week prior, sending yields lower. The core personal consumption expenditures price index, better known as the Fed's preferred measure of inflation in the US, increased modestly in August. The gauge rose 2.7% from a year ago, in line with expectations, and significantly improved from last year's 3.8% pace. The data gives the Fed leeway to continue cutting interest rates in the months ahead. Meanwhile, the latest reading of the University of Michigan's Consumer Sentiment Index reached a five-month high. Sentiment improved due to slowing inflation and brighter expectations for the economy overall. The Bureau of Economic Analysis said in its annual update last week that the economy grew more than previously thought in 2020 through 2023. The BEA revised annualized real GDP growth from the second quarter of 2020 through 2023 to 5.5%, on average, from 5.1%. Most of the revision was due to stronger consumer spending. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: September MNI Chicago PMI (46.4, 46.1); Tuesday: September ISM Manufacturing (47.7, 47.2), September Final S&P Global US Manufacturing PMI (47.0, 47.0); Wednesday: September ADP Employment Change (120k, 99k), September 27 MBA Mortgage Applications (N/A, 11.0%); Thursday: September 28 Initial Jobless Claims (N/A, 218k), August Final Durable Goods Orders (N/A, 0.0%), August Factory Orders (0.1%, 5.0%), September ISM Services Index (51.5, 51.5); Friday: September Change in Nonfarm Payrolls (130k, 142k), September Unemployment Rate (4.2%, 4.2%).

## US Equities

### Weekly Index Performance:

### Market Indicators:

The Dow®	42,313.00 (0.59%)	Strong Sectors:	Materials, Cons. Discretionary
S&P 500®	5,738.17 (0.64%)		Industrials
S&P MidCap 400®	3,119.24 (0.52%)	Weak Sectors:	Financials, Energy
S&P SmallCap 600®	1,418.14 (0.22%)		Health Care
Nasdaq Composite®	18,119.59 (0.96%)	NYSE Advance/Decline:	1,672 / 1,190
Russell 2000®	2,224.71 (-0.13%)	NYSE New Highs/New Lows:	606 / 56
		AAll Bulls/Bears:	49.6% / 23.7%

Equities grinded higher last week as the S&P 500 returned 64 basis points. The index was led higher by the Materials sector which returned 3.39% after a hefty stimulus package was announced by The People's Bank of China. The eye-popping stimulus package included rate cuts, reducing reserve requirements, and providing liquidity to equity investors. The Materials sector has lagged the broader market year to date as weakness in China's manufacturing space has led to softness in demand. Traders barreling into the Materials sector last week offers hope that China's stimulus package will kickstart its faltering economy. The worst performing sector in the S&P 500 was the Health Care sector which fell 1.11%. Performance in the sector was split as 29 of the 62 constituents ended the week in the green. **Wynn Resorts Ltd** and **Las Vegas Sands Corp** were the top two performing stocks in the S&P 500 last week as they shot up 22.47% and 21.77%, respectively. The previously mentioned China stimulus package offered hope for a rejuvenation in demand in Macau, a region on the south coast of China sometimes referred to as the "Las Vegas of Asia." Macau is the largest geographical footprint, based off revenue, for both casino operators. While annual revenues have rebounded from the covid lows they still have not surpassed the pre-covid highs. The worst performing stock in the S&P 500 was **Regeneron Pharmaceuticals** which fell 8.94% last week. The biopharmaceutical company fell following a judge's decision not to block Amgen's biosimilar version of Regeneron's flagship eye drug Eylea which accounted for nearly 44% of the firm's 2023 revenue. Regeneron sued Amgen alleging that Amgen's eye drug infringes on 32 patents for Eylea. Regeneron quickly appealed the judge's order. In other news oil experienced pressure last week after reports came out that Saudi Arabia is prepared to increase oil production later this year even if it results in lower prices for a prolonged period of time, WTI fell about 4.6% last week. Upcoming this week on the economic front traders will be looking forward to ISM Manufacturing and Services data which is set to be released on Tuesday and Thursday, respectively. Additionally, September payroll and unemployment data is slated for Friday which will help investors gauge the state of the labor market and whether the Fed will be able to pull off a soft landing. On the earnings front only 7 companies in the S&P 500 are expected to report earnings, notable names include: **Nike Inc**, **Constellation Brands Inc**, **Carnival Corp**, and **Conagra Brands**.

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