

| US Economy and Credit Markets | | | |
|-------------------------------|------------------|-----------------------------------|------------------|
| Yields and Weekly Changes: | | | |
| 3 Mo. T-Bill: | 3.845 (4.4 bps) | Bond Buyer 40 Yield: | 4.54 (2 bps) |
| 6 Mo. T-Bill: | 3.777 (-2.6 bps) | Crude Oil Futures: | 59.75 (-1.23) |
| 1 Yr. T-Bill: | 3.619 (-5.8 bps) | Gold Spot: | 4,001.26 (-1.66) |
| 2 Yr. T-Note: | 3.562 (-1.2 bps) | Merrill Lynch High Yield Indices: | |
| 3 Yr. T-Note: | 3.570 (-0.8 bps) | US High Yield: | 7.29 (12 bps) |
| 5 Yr. T-Note: | 3.684 (-0.3 bps) | BB: | 6.08 (10 bps) |
| 10 Yr. T-Note: | 4.097 (2.0 bps) | B: | 7.54 (12 bps) |
| 30 Yr. T-Bond: | 4.699 (4.8 bps) | | |

Treasury yields finished the week mixed, with shorter-duration yields mostly lower while longer-duration yields ticked higher. On Wednesday, the government shutdown entered its 36th full day, officially making it the longest shutdown in U.S. history. Earlier in the week investors received a rare update on the economy amid the economic data blackout. The ISM Manufacturing Index declined to 48.7 in October, falling short of the consensus expected 49.5. This is the eighth consecutive month that the index has been below 50 (signaling contraction) as the manufacturing sector continues to struggle for traction. Meanwhile, demand remains subdued as just four of the major manufacturing industries reported growth in new orders. On the other hand, the ISM Non-Manufacturing Index increased to 52.4 in October, beating the consensus expected 50.8. The service sector, responsible for two-thirds of U.S. output, remains far more resilient with activity expanding in ten out of the last twelve months. On Friday, the University of Michigan Consumer Sentiment Index posted a reading of 50.3 for November, falling short of the consensus expected 53.0. This marked the lowest reading in more than three years as consumers are growing increasingly concerned about the broader economic effects of the prolonged government shutdown. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Wednesday: November 7 MBA Mortgage Applications (n/a, -1.9%); Thursday: November 8 Initial Jobless Claims (225k, n/a), October CPI MoM (0.2%, 0.3%), October CPI YoY (3.0%, 3.0%); Friday: October Retail Sales Advance MoM (-0.2%, n/a), October PPI Final Demand MoM (0.2%, n/a).

| US Equities | | | |
|---------------------------|--------------------|--------------------------|--|
| Weekly Index Performance: | | Market Indicators: | |
| DJIA: | 46,987.10 (-1.21%) | Strong Sectors: | Energy, Health Care, Real Estate |
| S&P 500: | 6,728.80 (-1.61%) | Weak Sectors: | Cons. Disc., Comm. Services, Info. Tech. |
| S&P Midcap: | 3,242.98 (-0.08%) | NYSE Advance/Decline: | 1,250 / 1,586 |
| S&P Smallcap: | 1,437.82 (0.18%) | NYSE New Highs/New Lows: | 223 / 242 |
| NASDAQ Comp: | 23,004.54 (-3.03%) | AAII Bulls/Bears: | 38.0% / 36.3% |
| Russell 2000: | 2,432.82 (-1.86%) | | |

Equities returned -1.6% on the week as AI euphoria waned. The S&P 500 Value returned -0.9%, while S&P 500 Growth returned -2.4% and the Nasdaq 100 returned -2.8%. Earnings season peaked last week as 135 names in the S&P 500 reported quarterly results. With approximately 450 names now reporting, around 83% of reporters have beaten expectations with a median surprise of approximately 5%. AI darling **Palantir Technologies Inc.** announced quarterly results that included revenue and earnings beating expectations. The CEO, Alex Karp, said, "These are arguably the best results that any software company has ever delivered. And that's not hyperbolic." Markets disagreed, as shares returned -11.2% last week. AI euphoria waned somewhat after chip maker **Advanced Micro Devices** announced quarterly results, and shares returned -8.8% last week. The company announced earnings, revenue, and guidance ahead of analyst expectations, but expectations were so lofty that shares fell anyway. **Uber Technologies Inc.** announced very good quarterly results but barely missed analyst expectations on EBITDA, and shares fell 4.7% as a result. **Super Micro Computer Inc.** had a revenue miss, which weighed on profitability and margins. Management blamed revenue delays from a customer's last-minute configuration upgrade, which pushed a large order into next quarter, and shares returned -23.5% as a result. Shifting to corporate news, **Tesla Inc.** had its annual meeting last week. Making headlines was the approval of a 12-tranche, potentially \$1 trillion pay package for CEO Elon Musk. Also announced were production lines to start in 2026 for Cybercab, the Optimus Robot, and Tesla Semitrucks. Looking ahead to next week, as earnings season wanes with only 13 companies expected to release earnings, headlines will likely be dominated by Washington D.C., as the government shutdown must end at some point, and we await the kind of compromise legislators can reach.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.