

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	3.821 (-5.4 bps)	Bond Buyer 40 Yield:	4.73 (23 bps)
6 Mo. T-Bill:	3.761 (-5.5 bps)	Crude Oil Futures:	58.06 (-2.03)
1 Yr. T-Bill:	3.615 (-7.4 bps)	Gold Spot:	4,065.14 (-18.82)
2 Yr. T-Note:	3.507 (-9.8 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.500 (-11.1 bps)	U.S. High Yield:	7.28 (1 bps)
5 Yr. T-Note:	3.621 (-11.0 bps)	BB:	6.05 (1 bps)
10 Yr. T-Note:	4.063 (-8.5 bps)	B:	7.53 (-1 bps)
30 Yr. T-Bond:	4.712 (-3.6 bps)		

The US economy added 119,000 jobs in September according to the first official jobs report released since the government shutdown. The gain was well ahead of expectations, although July and August were revised lower. The unemployment rate rose from 4.3% to 4.4% as more people joined the labor force. The Labor Department will not publish the October jobs report, instead including those payroll figures in the November report due out December 16, which is after the Fed's December meeting. The minutes from the Fed's October meeting released last week showed mixed views regarding a rate cut at its December meeting, creating uncertainty over the Fed's next move. The market-implied probability of a rate cut at the Fed's December meeting dropped to roughly 30% on the news, down from 46% the day prior and 68% at the end of last month. However, the President of the New York Fed said Friday he sees room for a rate cut in the near term, saying upside risks to inflation have eased while downside risks to employment have increased. The comments significantly increased the market's expectations for a December rate cut, capping a volatile week. Consumer sentiment fell in November to near record lows, according to the University of Michigan's Consumer Sentiment Index. High prices and weakening incomes weighed on sentiment. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: September Retail Sales Advance MoM (0.4%, 0.6%), September PPI Final Demand MoM (0.3%, -0.1%), November Conf. Board Consumer Confidence (93.3, 94.6); Wednesday: November 22 Initial Jobless Claims (225k, 220k), September Preliminary Durable Goods Orders (1.0%, 2.9%), November 21 MBA Mortgage Applications (N/A, -5.2%), September Leading Index (N/A, N/A), November MNI Chicago PMI (44.3, 43.8).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow®	46,245.41 (-1.85%)	Strong Sectors:	Comm. Services, Health Care
S&P 500®	6,602.99 (-1.91%)		Cons. Staples
S&P MidCap 400®	3,183.40 (-0.64%)	Weak Sectors:	Energy, Cons. Discretionary
S&P SmallCap 600®	1,407.83 (-1.06%)		Info Tech
Nasdaq Composite®	22,273.08 (-2.71%)	NYSE Advance/Decline:	921 / 1,911
Russell 2000®	2,369.59 (-0.75%)	NYSE New Highs/New Lows:	115 / 282
		AAll Bulls/Bears:	32.6% / 43.6%

The S&P 500 fell 191 basis points last week as the Information Technology sector took a breather. The Information Technology sector fell 4.69% last week experiencing broad based weakness as 57 of its 69 constituents ended the week with a negative return. The worst performer in the sector and S&P 500 overall was **Advanced Micro Devices** which plunged 17.43%. AMD didn't have any particular news driving the negative price action but suffered along with the broader market as investors have begun to question Ai companies' valuations. Ai darling **NVIDIA** reported results last Wednesday beating on both the top and bottom line. The world's largest company also provided Q4 guidance of \$65 billion in sales, nearly \$3 billion greater than consensus estimates. Despite the strong performance in the quarter and bullish outlook from management the stock ended the week down 5.94%. NVIDIA and the Ai trade overall has faced scrutiny lately as some investors question if Ai infrastructure spending is sustainable. Valuation fears were not helped by the prolonged government shutdown which distorted economic data and has made the Fed's rate cutting story opaque. While many tech companies came under pressure last week it wasn't all bad news. The best performing sector in the S&P 500 was the Communication Services sector which returned 3.04%. The sector was led higher by **Alphabet Inc.**, the parent company of Google, which returned 8.41%. The search company lagged many of its tech peers through the first half of the year but has found positive momentum surging almost 70% since the end of June. Last week, Alphabet's stock caught a bid on Monday as it was disclosed that Warren Buffett's **Berkshire Hathaway** had built a \$4.9 billion position in the company. The move was seen as validation of the company's strong fundamentals given Berkshire's investment philosophy. This was especially timely as other Ai companies' valuations have come under scrutiny. The company received more good news last week as reviews for its newest version of Gemini, the firm's Ai model, came out overwhelmingly positive. In contrast OpenAI's GPT-5 Model has been met with mixed reviews leading investors to question if Alphabet may be pulling ahead in the Ai race.

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