

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.196 (3.3 bps)	GNMA (30 Yr) 6% Coupon:	105-29/32 (4.18%)
6 Mo. T-Bill:	2.364 (-0.5 bps)	Duration:	4.02 years
1 Yr. T-Bill:	2.563 (-0.1 bps)	Bond Buyer 40 Yield:	4.12 (-2 bps)
2 Yr. T-Note:	2.819 (1.9 bps)	Crude Oil Futures:	73.25 (+2.47)
3 Yr. T-Note:	2.883 (-0.5 bps)	Gold Spot:	1,190.88 (-9.16)
5 Yr. T-Note:	2.953 (0.4 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	3.061 (-0.2 bps)	U.S. High Yield:	6.49 (-2 bps)
30 Yr. T-Bond:	3.206 (0.6 bps)	BB:	5.33 (unch.)
		B:	6.76 (1 bp)

U.S. Treasury bond prices pushed lower at the beginning of the week, as investors waited for the Federal Open Market Committee's fed-funds rate decision. Two and 10-year U.S. Treasury yields declined in the wake of the Federal Open Market Committee's decision to raise the fed-funds rate by a quarter of a percent, which was anticipated by the market. The particularly noteworthy change in Federal Reserve Chair Jerome Powell's statement was the removal of a sentence noting the stance of monetary policy as "accommodative" and supportive of both the labor market and the Fed's two percent inflation target. Fed Chair Jerome Powell made it clear in his press conference that the language removal doesn't change their outlook for continued gradual rate hikes. With inflation running at or over two percent, the market has already priced in another rate hike in December. The week wrapped up with Treasury prices continuing to rally as global equity markets were largely down after the Italian government's poorly received budget targets were released late on Thursday. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: September Final Markit US Manufacturing PMI (N/A, 55.6), August Construction Spending MoM (0.5%, 0.1%), September ISM Manufacturing (60.0, 61.3); Wednesday: September 28 MBA Mortgage Applications (N/A, 2.9%), September ADP Employment Change (185k, 163k); Thursday: September 29 Initial Jobless Claims (211k, 214k), August Factory Orders (1.9%, -0.8%), August Final Durable Goods Orders (N/A, 4.5%); Friday: August Trade Balance (-\$52.4b, -\$50.1b), September Change in Nonfarm Payrolls (185k, 204k), September Unemployment Rate (3.8%, 3.9%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	26,458.31 (-1.07%)	Strong Sectors:	Telecomm, Health Care
S&P 500:	2,913.98 (-0.51%)		Information Technology
S&P Midcap:	2,019.55 (-1.02%)	Weak Sectors:	Materials, Financials
S&P Smallcap:	1,061.92 (-1.09%)		Consumer Staples
NASDAQ Comp:	8,046.35 (0.76%)	NYSE Advance/Decline:	1,658 / 1,305
Russell 2000:	1,696.57 (-0.86%)	NYSE New Highs/New Lows:	63 / 134
		AAll Bulls/Bears:	36.2% / 31.1%

Stocks closed out the third quarter on a high note as the S&P 500 returned 7.7% during the period. Retail investors put their cash to work as balances at brokerages reached record lows. This coincides with the longest bull market on record. Big banks view the extended run-up in US equities as a sign for investors to exercise caution. Earlier this month, Morgan Stanley sent a note to clients outlining the firm's stance on peaking earnings growth. JP Morgan also informed its clients about the potential for the "America First" trade to stimulate growth could cause the domestic economy to lose its edge. Opposing views by individuals and institutions are not uncommon during periods of prolonged growth. As cash balances become lower in brokerage accounts, the bull markets should continue to see short term momentum. News out of Washington DC was at the forefront of the news cycle last week. The confirmation of Supreme Court nominee Brett Kavanaugh will be delayed due to an FBI investigation requested by Senate Republicans and ordered by President Donald Trump. The investigation, and possible disruption to the confirmation, will set the tone for the November mid-term elections which have historically produced a "bump" to stocks in the final quarter. A presentation by **Abbot Laboratories** showed its MitraClip device shortened the length of hospital stays and led to longer lives for heart failure patients. The \$1.9 billion-dollar aortic market has competition from **Edwards Lifesciences**, a top performer in the S&P 500 last week. On the schedule for next week, economic reports for consumer sentiment, employment, and durable goods will shape the fourth quarter outlook.

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