

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.086 (5.4 bps)	GNMA (30 Yr) 6% Coupon:	106-07/32 (4.09%)
6 Mo. T-Bill:	2.234 (1.6 bps)	Duration:	4.03 years
1 Yr. T-Bill:	2.425 (-0.3 bps)	Bond Buyer 40 Yield:	4.01 (unch.)
2 Yr. T-Note:	2.620 (1.4 bps)	Crude Oil Futures:	68.72 (2.81)
3 Yr. T-Note:	2.673 (-0.6 bps)	Gold Spot:	1,205.35 (21.10)
5 Yr. T-Note:	2.712 (-2.9 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.810 (-5.1 bps)	U.S. High Yield:	6.49 (-6 bps)
30 Yr. T-Bond:	2.959 (-6.1 bps)	BB:	5.30 (-5 bps)
		B:	6.73 (-7 bps)

Last week ended with Federal Reserve generated news again impacting markets. Mr. Powell spoke at the central bank's annual Jackson Hole retreat where he defended a continued gradual rise in interest rates. Noting that as long as unemployment is low, and inflation stable, he doesn't see a need to accelerate the current path of interest rate increases. As it stands, the minutes of the Federal Open Market Committee dated July 31-August 1st noted no change to existing policy but markets nearly unanimously expect an interest rate increase during the Sept. 25-26 meeting. In its notes, the committee expects further gradual increases in the target range for the federal funds rate guiding to a 2 percent inflation objective over the medium term. The committee commented that the current monetary policy remains accommodative and supports "strong labor market conditions and a sustained return to 2 percent inflation." Last week's economic data saw existing home sales decline in July, new single-family home sales decline in July and new orders for durable goods decline for the previous month as well. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Tuesday: July preliminary month-over-month Wholesale Inventories, August Conference Board Consumer Confidence (126.5, 127.4); Wednesday: prior week MBA Mortgage Applications (N/A, 4.2%), 2Q SAAR GDP Annualized QoQ (4.0%, 4.1%); Thursday: July Personal Income (0.4%, 0.4%), July Personal Spending (0.4%, 0.4%) and prior week Initial Jobless Claims (215K, 210K); Friday: August Chicago Purchasing Manager (63.0, 65.5) and August final University of Michigan Sentiment (95.5, 93.3).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	25,790.35 (0.51%)	Strong Sectors:	Energy, Consumer Discretionary
S&P 500:	2,874.69 (0.88%)		Information Technology
S&P Midcap:	2,035.10 (1.26%)	Weak Sectors:	Consumer Staples, Utilities
S&P Smallcap:	1,091.55 (1.78%)		Real Estate
NASDAQ Comp:	7,945.98 (1.67%)	NYSE Advance/Decline:	2,013 / 878
Russell 2000:	1,725.67 (1.94%)	NYSE New Highs/New Lows:	112 / 38
		AAII Bulls/Bears:	38.5% / 27.1%

Equities climbed through the week to exceed the previous high set in January for the S&P 500. An expanding economy coupled with rising earnings pushed the index up to return over 12% since the early February low. In Jackson Hole, WY, the Federal Reserve Chairman signaled the Fed has no intention to raise interest rates at a faster pace as employment and inflation data remain within their target range. The nine-year bull market has seen plenty of swings of late as global growth, currencies, commodities, and geopolitical risks all weigh on investors' consciences. Traditional safety trades, bonds and gold, have seen elevated interest as 10-year yields have dropped from over 3% to 2.8%. Gold saw an uptick from its mid-August low to close over \$1,200 an ounce for the first time in two weeks. Political spectacle in the form of a guilty plea and a conviction shed light on some of the dark operations of President Trump's life prior to the Presidency. The potential for a power shift in Washington after the November mid-term elections will shape the market's outlook in the coming months. At the center of that power is the administration's policy on trade with China. Talks in the Capital last week moved away from a compromise and shifted the conversation to new tariffs on over \$200 billion in annual imports from China. The President has already championed new restrictions on inbound investment from China last week. Investors will be looking to Washington for answers as President Trump continues to drive sentiment. Looking ahead, GDP, pending home sales, and personal income reports fill up the calendar for an eventful economic release week.

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