

Open-End Net Fund Flows (\$)	4/22	3/22	YTD (Apr)
Equity	-33.63B	-20.72B	-80.10B
Taxable Bond	-31.82B	-29.90B	-95.79B
Municipal Bond	-24.45B	-14.67B	-53.16B
Hybrid	-4.30B	-6.34B	-14.87B
Taxable Money Market	-76.58B	9.04B	-239.36B

Key Interest Rates	5/31/22	12/31/21	5/28/21
Federal Funds Target Rate	1.00%	0.25%	0.25%
2-Year T-Note	2.56%	0.73%	0.14%
5-Year T-Note	2.82%	1.26%	0.80%
10-Year T-Note	2.85%	1.51%	1.60%
Bond Buyer 40	4.25%	3.45%	3.43%

Commodities/U.S. Dollar	5/22	YTD	12 Mo.
U.S. Dollar Index (DXY)	-1.18%	6.36%	13.02%
Refinitiv/CC CRB Excess Ret.	2.68%	36.22%	53.88%
Crude Oil/WTI (per Barrel)	9.53%	52.47%	72.90%
Natural Gas (per million BTUs)	12.57%	118.50%	172.58%
Gold Bullion (Ounce)	-3.61%	0.77%	-3.14%

Total Return Performance

U.S. Stock Indices	5/22	YTD	12 Mo.
S&P 500	0.18%	-12.76%	-0.32%
DJIA	0.33%	-8.43%	-2.65%
NASDAQ 100	-1.53%	-22.27%	-6.96%
S&P MidCap 400	0.72%	-11.01%	-6.57%
Russell 2000	0.14%	-16.58%	-16.96%
Russell 3000	-0.14%	-13.90%	-3.70%

U.S. Styles/Market Caps	5/22	YTD	12 Mo.
S&P 500 Growth	-1.35%	-21.09%	-3.69%
S&P 500 Value	1.63%	-3.47%	2.43%
S&P MidCap 400 Growth	-0.77%	-16.63%	-10.78%
S&P MidCap 400 Value	2.11%	-5.23%	-2.17%
Russell 2000 Growth	-1.90%	-24.81%	-25.73%
Russell 2000 Value	1.90%	-8.28%	-7.73%

Foreign Stock Indices (USD)	5/22	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	0.83%	-10.32%	-9.05%
MSCI Emerging Markets NET	0.44%	-11.76%	-19.83%
MSCI Europe NET	0.75%	-12.04%	-9.75%
MSCI BRIC NET	0.02%	-17.23%	-29.78%
MSCI EM Latin America NET	8.18%	19.80%	3.85%
Nikkei 225	3.52%	-14.27%	-17.93%

Bloomberg Fixed Income Ind.	5/22	YTD	12 Mo.
U.S. Treasury: Intermediate	0.68%	-5.10%	-5.72%
GNMA 30 Year	1.14%	-6.19%	-6.65%
Municipal Bond (22+)	1.81%	-11.30%	-9.95%
U.S. Aggregate	0.64%	-8.92%	-8.22%
Intermediate Corporate	0.90%	-7.16%	-7.26%
U.S. Corporate High Yield	0.25%	-8.00%	-5.27%
Global Aggregate	0.27%	-11.06%	-13.21%
EM Hard Currency Aggregate	0.05%	-14.23%	-15.38%

Sources: Bloomberg and Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.

Climate

The buzzword that comes to mind in the current business climate is headwinds, and there are quite a few of them. Many, if not all, contribute to the “Wall of Worry” permeating the markets. Here are some examples: inflation; rising interest rates; rising bond yields; supply-chain bottlenecks; semiconductor shortages; the ongoing COVID-19 pandemic; the war between Russia and Ukraine; surging crude oil and natural gas prices; a shortage of baby formula; potential food shortages in the months ahead; serious drought conditions in the West and Southwestern parts of the U.S.; potential fresh water shortages; and potential rolling blackouts this summer in parts of the U.S. While some would be longer than others, truth be told, we could probably prepare a list of headwinds in any climate. Some of the headwinds on this list will hopefully be relatively short-lived, such as the war between Russia and Ukraine, and some our clearly related, but many will end up being remedied over time, in our opinion.

Stock Market

The S&P 500 Index (“index”) closed May 2022 at 4,132.15, 13.85% below its all-time closing high of 4,796.56 on 1/3/22, according to Bloomberg. A Bloomberg survey of 23 equity strategists found that their average 2022 year-end price target for the S&P 500 Index was 4,787 as of 5/18/22, according to its own release. The highest and lowest estimates were 5,330 and 3,900, respectively. Brian Wesbury, Chief Economist at First Trust Advisors L.P., had a year-end price target of 4,900 on the index as of 5/9/22. The S&P MidCap 400 and S&P SmallCap 600 Indices stood 13.60% and 15.72%, respectively, below their record closing highs as of month-end. In May 2022, the S&P 500 Index posted a total return of 0.18%. Six of the 11 major sectors that comprise the index were up on a total return basis. The top-performer was Energy, up 15.77%, while the worst showing came from Real Estate, down 5.02%. The index posted a total return of -12.76% year-to-date through 5/31/22. Two of the 11 major sectors were up on a total return basis. The index’s top performer was Energy, up 58.43%, while the worst showing came from Consumer Discretionary, down 24.69%. Energy, and commodities overall, are the shining stars so far in 2022. And they have surged in value despite the strong U.S. dollar. High oil, gas and food prices have made Latin America a standout performer as well (see Foreign Stock Indices). Due in part to the sanctions levied against Russia stemming from its war with Ukraine, Latin American commodity exporters are thriving, according to *The National*. Despite all of the headwinds mentioned above, there is still optimism about the prospects for stocks in 2022. Bloomberg’s consensus year-over-year earnings growth rate estimates for the S&P 500 Index for 2022, 2023 and 2024 were 10.11%, 9.23% and 9.34%, respectively, as of 5/27/22. This year’s selloff in the market has brought valuations down to levels on par with historical averages. As of 6/2/22, the estimated year-end price-to-earnings (P/E) ratios on the S&P 500 Index for 2022 and 2023 were 17.98 and 16.46, respectively, according to Bloomberg. Its 50-year average P/E was 17.22.

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) closed trading on 5/31/22 at 2.85%, down nine basis points (bps) from its 2.94% close on 4/29/22, according to Bloomberg. The 2.85% yield stood 81 bps above its 2.04% average for the 10-year period ended 5/31/22. Bond yields settled down in May after the 10-year T-note closed at 3.13% on 5/6/22. The drop back to 2.85% at month-end helped push total returns for the month into positive territory (see Bloomberg Fixed Income Indices). Yields fell due to some concern that the Federal Reserve’s (“Fed”) tightening measures to date are already dampening economic activity, particularly in the retail sector, according to *The Wall Street Journal*. That appeared to be enough to create a near-term flight to safety. Major retailers have noted that consumers are pulling back on spending at the same time business costs are rising. Do an internet search and you will likely capture plenty of articles either saying that a recession is already at our doorstep or coming in the not-too-distant future. On 5/16/22, Brian Wesbury, Chief Economist at First Trust Advisors L.P., went on record saying that he believes the U.S. probably has another couple of years before the next recession arrives. We’ll see.

Takeaway

The months ahead are going to be key with respect to the direction of the markets, in our opinion. With respect to the bond market, have Treasuries already priced in a lot of the Fed’s tightening aspirations or will the yield on the 10-year T-note once again attempt to crack the 3% mark and sustain it? Excluding 2022, the last two times (2013 & 2018) it topped 3% it could not sustain it. Will the Fed do enough to bring down inflationary pressures? Stay tuned!

Data as of 5/31/22

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	4796.56	1/3/2022	1278.05	6/1/2012	4132.15	-13.85%	-12.76%	1.53%
S&P 500 Growth	3423.28	12/27/2021	696.49	6/1/2012	2655.66	-22.42%	-21.09%	0.88%
S&P 500 Value	1571.24	1/12/2022	572.94	6/4/2012	1481.59	-5.71%	-3.47%	2.13%
S&P MidCap 400	2910.70	11/16/2021	891.32	6/4/2012	2514.80	-13.60%	-11.01%	1.66%
S&P MidCap 400 Growth	1427.19	11/16/2021	409.95	6/4/2012	1150.59	-19.38%	-16.63%	1.20%
S&P MidCap 400 Value	908.15	11/15/2021	304.28	6/4/2012	836.59	-7.88%	-5.23%	2.08%
S&P 100	2219.44	1/3/2022	583.83	6/1/2012	1871.61	-15.67%	-14.17%	1.52%
DJIA	36799.65	1/4/2022	12101.46	6/4/2012	32990.12	-10.35%	-8.43%	1.99%
NASDAQ 100	16573.34	11/19/2021	2458.83	6/1/2012	12642.10	-23.72%	-22.27%	0.85%
Russell 2000	2442.74	11/8/2021	737.24	6/4/2012	1864.04	-23.69%	-16.58%	1.47%
Russell 2000 Growth	1709.62	2/9/2021	423.22	6/1/2012	1118.50	-34.58%	-24.81%	0.69%
Russell 2000 Value	2643.45	11/8/2021	972.37	6/4/2012	2268.09	-14.20%	-8.28%	2.12%
Russell 3000	2804.93	1/3/2022	754.11	6/4/2012	2386.32	-14.92%	-13.90%	1.53%
MSCI World Net (ex U.S.) (USD)	7936.92	9/6/2021	3452.12	6/4/2012	6981.44	-12.04%	-10.32%	3.22%
MSCI Emerging Markets Net (USD)	699.23	2/17/2021	296.25	1/21/2016	536.72	-23.24%	-11.76%	2.81%
Ibovespa/Brazil (USD)	30947.53	1/3/2013	9077.09	1/21/2016	23549.80	-23.90%	25.37%	8.81%
RTS/Russia (USD)	1919.58	10/25/2021	628.41	1/20/2016	1208.12	-37.06%	-23.72%	9.25%
S&P BSE 500/India (USD)	337.94	1/13/2022	95.89	9/3/2013	289.83	-14.24%	-8.77%	1.32%
Shanghai Composite/China (USD)	832.07	6/12/2015	314.68	12/3/2012	477.60	-42.60%	-16.41%	2.28%
KOSPI/South Korea (USD)	2.93	6/16/2021	1.16	3/19/2020	2.17	-26.10%	-13.16%	1.99%
Hang Seng (USD)	4241.01	1/26/2018	2343.90	6/4/2012	2729.09	-35.65%	-8.18%	2.98%
MSCI Euro (USD)	1705.00	9/6/2021	814.62	6/1/2012	1370.03	-19.65%	-15.03%	3.35%
S&P 500 Consumer Discretionary	1673.27	11/19/2021	329.22	6/1/2012	1209.69	-27.71%	-24.69%	0.78%
S&P 500 Consumer Staples	841.99	4/20/2022	341.55	6/1/2012	772.20	-8.29%	-3.16%	2.51%
S&P 500 Energy	737.09	6/23/2014	179.94	3/18/2020	658.00	-10.73%	58.43%	3.17%
S&P 500 Utilities	390.94	4/8/2022	171.80	11/15/2012	375.72	-3.89%	4.65%	2.85%
S&P 500 Financials	688.85	1/12/2022	179.47	6/4/2012	588.47	-14.57%	-8.78%	1.96%
S&P 500 Banks	461.87	1/12/2022	138.93	6/4/2012	362.58	-21.50%	-12.34%	2.72%
FTSE NAREIT All Equity REITs	980.08	12/31/2021	462.00	6/4/2012	844.66	-13.82%	-13.00%	3.16%
S&P 500 Health Care	1664.59	4/8/2022	409.97	6/1/2012	1537.92	-7.61%	-5.83%	1.55%
S&P 500 Pharmaceuticals	1002.58	4/8/2022	334.18	6/1/2012	986.81	-1.57%	4.37%	2.32%
NYSE Arca Biotechnology	6319.77	2/8/2021	1380.02	6/4/2012	4601.18	-27.19%	-16.54%	0.46%
S&P 500 Information Technology	3107.46	12/27/2021	436.56	6/1/2012	2452.89	-21.06%	-19.39%	0.95%
Philadelphia Semiconductor	4039.51	12/27/2021	351.45	7/17/2012	3098.69	-23.29%	-21.07%	1.30%
S&P 500 Communication Services	288.46	9/1/2021	130.86	12/24/2018	201.56	-30.13%	-24.35%	1.03%
S&P 500 Industrials	905.63	1/4/2022	288.15	6/4/2012	798.27	-11.85%	-10.15%	1.64%
S&P 500 Materials	569.63	12/31/2021	208.96	6/1/2012	539.06	-5.37%	-4.72%	1.82%
Philadelphia Gold & Silver	195.20	9/21/2012	38.84	1/19/2016	128.76	-34.04%	-2.12%	2.00%
Refinitiv/CC CRB Excess Return	320.92	9/14/2012	106.29	4/21/2020	316.54	-1.37%	36.22%	N/A
ICE BofA Perpetual Preferred	319.67	9/22/2021	173.46	6/1/2012	283.27	-11.39%	-10.52%	5.86%
ICE BofA U.S. High Yield Constrained	522.13	12/28/2021	283.38	6/5/2012	481.46	-7.79%	-7.74%	7.22%

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