

Open-End Net Fund Flows (\$)	4/23	3/23	YTD (Apr)
Equity	-29.4B	-32.5B	-113.9B
Taxable Bond	2.6B	-17.8B	10.7B
Municipal Bond	-0.9B	-2.5B	6.4B
Hybrid	-7.1B	-12.0B	-28.2B
Taxable Money Market	2.2B	362.0B	436.3B

Key Interest Rates/Yields	5/31/23	4/28/23	5/31/22
Federal Funds Target Rate	5.25%	5.00%	1.00%
2-Year T-Note	4.41%	4.01%	2.56%
5-Year T-Note	3.76%	3.49%	2.82%
10-Year T-Note	3.65%	3.43%	2.85%
Bond Buyer 40	4.53%	4.42%	4.19%

Commodities/U.S. Dollar	5/23	YTD	12 Mo.
U.S. Dollar Index (DXY)	2.62%	0.78%	2.53%
Refinitiv/CC CRB Excess Ret.	-5.34%	-8.60%	-19.80%
Crude Oil/WTI (per Barrel)	-11.32%	-15.16%	-40.62%
Natural Gas (per million BTUs)	-5.98%	-49.36%	-72.18%
Gold Bullion (Ounce)	-1.76%	7.54%	6.58%

## Total Return Performance

U.S. Stock Indices	5/23	YTD	12 Mo.
S&P 500	0.43%	9.64%	2.89%
DJIA	-3.17%	0.25%	1.96%
Nasdaq 100	7.73%	30.79%	13.77%
S&P MidCap 400	-3.20%	-0.32%	-2.69%
Russell 2000	-0.93%	-0.06%	-4.71%
Russell 3000	0.39%	8.73%	2.01%

U.S. Styles/Market Caps	5/23	YTD	12 Mo.
S&P 500 Growth	2.50%	13.97%	1.94%
S&P 500 Value	-1.91%	4.92%	2.98%
S&P MidCap 400 Growth	-2.80%	1.56%	-1.33%
S&P MidCap 400 Value	-3.64%	-2.28%	-4.11%
Russell 2000 Growth	0.02%	4.85%	2.65%
Russell 2000 Value	-1.98%	-5.07%	-11.53%

Foreign Stock Indices (USD)	5/23	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	-4.36%	6.24%	1.54%
MSCI Emerging Markets NET	-1.68%	1.05%	-8.49%
MSCI Europe NET	-5.87%	8.40%	4.68%
MSCI BRIC NET	-4.42%	-5.48%	-9.92%
MSCI EM Latin America NET	-0.85%	5.81%	-3.80%
Nikkei 225	4.24%	12.15%	6.56%

Bloomberg Fixed Income Ind.	5/23	YTD	12 Mo.
U.S. Treasury: Intermediate	-0.75%	2.05%	-0.82%
GNMA 30 Year	-0.77%	2.38%	-2.61%
Municipal Bond (22+)	-0.81%	3.22%	-1.76%
U.S. Aggregate	-1.09%	2.46%	-2.14%
Intermediate Corporate	-0.76%	2.50%	0.03%
U.S. Corporate High Yield	-0.92%	3.64%	0.05%
Global Aggregate	-1.95%	1.44%	-4.48%
EM Hard Currency Aggregate	-1.06%	1.78%	-1.04%

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

Since 1960, Congress has acted 78 separate times to permanently raise, temporarily extend, or revise the definition of the debt limit. On Saturday, June 3rd, legislators came to yet another agreement regarding increasing the debt ceiling in the U.S., effectively alleviating the threat that the country could default on its debt, for the time being. Despite numerous headwinds including stubbornly high inflation, the threat of an economic recession brought on by higher interest rates, and the aforementioned political turmoil, U.S. equities have enjoyed a phenomenal start to the year. As discussed further in the "Stock Market" section below, investors have been risk-on in 2023, with the largest gains coming from cyclical sectors. Given estimates that full-year earnings for the S&P 500 Index are expected to contract in 2023, the positive returns the U.S. equity markets have enjoyed this year may come as a surprise to many investors. From our perspective, the strong pace of consumer spending plays a large part in the equity market's results. Driven by a strong U.S. labor market, consumer spending remained robust in April. Notably, American corporations added 253,000 jobs during the month, and the unemployment rate stood at a 53-year low. Consumer spending, as measured by personal consumption expenditures, rose by 0.8% in April, up from 0.1% in both February and March of this year. Not all trends paint such a rosy picture, however. U.S. household debt reached a record \$17.05 trillion in the first quarter of 2023, according to the Federal Reserve Bank of New York. Furthermore, total balances for U.S. credit card holders did not decline in the first quarter of 2023, marking the first time that has happened since 2001. Year-to-date through 6/5/23, technology companies have laid off over 200,000 workers, far surpassing the nearly 165,000 layoffs the sector experienced for all of the 2022 calendar year.

## Stock Market

The S&P 500 Index closed May 2023 at 4,179.83, 12.86% below its all-time closing high of 4,796.56 on 1/3/22, according to Bloomberg. The S&P MidCap 400 and S&P SmallCap 600 Indices stood 17.32% and 23.20%, respectively, below their record closing highs as of 5/31/23. In May 2023, the S&P 500 Index posted a total return of 0.43%. Just three of the eleven major sectors that comprise the index registered positive total returns for the month. The top-performer was Technology, up 9.46%, while the worst showing came from Energy which was down 10.04%. The S&P 500 Index posted a total return of 2.89% over the trailing 12-month period ended 5/31/23. Four of the eleven major sectors were up on a total return basis. The index's top performer was Technology, up 19.33%, while the worst showing came from Real Estate, down 15.53%. Full-year 2023 earnings estimates were relatively stable month-over-month, with forecasted earnings per share of \$218.5 as of 6/2/23, down slightly from \$218.7 and \$219.0 where they stood on 4/28/23 and 3/31/23, respectively. Bloomberg's consensus 2023 year-over-year earnings growth rate estimates for the S&P 500 Index stood at -2.41% as of 6/2/23. A Bloomberg survey of 23 equity strategists found that their average 2023 year-end price target for the S&P 500 Index was 4,017 as of 5/18/23, according to its own release. Technology stocks are the story of the year so far when it comes to equities, outperforming the other ten sectors in three of the five months in 2023. Expectations that the Federal Reserve "(Fed)" could cut rates may have enhanced the sector's returns. As of 6/2/23, fed funds futures indicated a potential rate cut as early as the September meeting. We'd be remiss not to point out that technology stocks now offer attractive dividends, as well. As of 5/31/23, the sector accounted for 14.89% of the dividend payout of the S&P 500 Index. Only Financials contributed a higher percentage (15.27%), according to S&P Dow Jones Indices.

## Bond Market

The yield on the benchmark 10-year Treasury Note (T-note) closed trading on 5/31/23 at 3.65% up 22 basis points (bps) from its 3.43% close on 4/28/23, according to Bloomberg. The 3.65% yield stood 143 bps above its 2.22% average for the 10-year period ended 5/31/23. On a year-to-date (YTD) basis, through 5/31/23, the yield on the 10-year T-note fell by 23 bps. In fact, yields declined across each of the major bond indices we track (see "Key Interest Rates/Yields"). In our view, falling yields on the long-end of the curve continue to be a signal that investors believe the Fed could cut rates sooner than expected if the U.S. economy falls into recession this year.

## Takeaway

Despite a myriad of headwinds, and as indicated by the total returns in the U.S. and Foreign Stock sections to the left of this column, most of the equity indices we track are positive YTD. Investor expectations regarding the direction of monetary policy are likely driving these returns, in our view. If central banks cut lending rates, we expect to see upward adjustments to company valuations. As of 6/2/23, fed funds rate futures indicated that a rate cut could occur as soon as September of this year. Technology stocks are a clear outlier so far in 2023. The Nasdaq 100 is up over 30% YTD. Much of this outperformance can be attributed to expectations surrounding innovations in artificial intelligence and its integration into the workforce, but we'd be remiss to negate the impact of the discount rate here as well. In the U.S., consumer spending and a strong labor market have provided ballast to the economy. While that has been welcome news to the equity markets, its impact on inflation, and by proxy, fed funds policy, remains to be seen.

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	1573.09	6/24/2013	4179.83	-12.86%	9.64%	1.66%
S&P 500 Growth	3423.28	12/27/2021	828.96	6/24/2013	2675.43	-21.85%	13.97%	1.32%
S&P 500 Value	1575.22	2/2/2023	735.04	6/24/2013	1492.31	-5.26%	4.92%	2.05%
S&P MidCap 400	2910.70	11/16/2021	1124.70	6/24/2013	2406.67	-17.32%	-0.32%	1.97%
S&P MidCap 400 Growth	1427.19	11/16/2021	505.67	6/24/2013	1121.34	-21.43%	1.56%	1.57%
S&P MidCap 400 Value	932.50	2/2/2023	373.28	3/23/2020	785.62	-15.75%	-2.28%	2.39%
S&P 100	2219.44	1/3/2022	708.77	6/24/2013	1956.69	-11.84%	15.32%	1.56%
DJIA	36799.65	1/4/2022	14659.56	6/24/2013	32908.27	-10.57%	0.25%	2.15%
Nasdaq 100	16573.34	11/19/2021	2848.20	6/24/2013	14254.09	-13.99%	30.79%	0.77%
Russell 2000	2442.74	11/8/2021	951.05	6/24/2013	1749.65	-28.37%	-0.06%	1.74%
Russell 2000 Growth	1709.62	2/9/2021	552.31	6/24/2013	1139.31	-33.36%	4.85%	0.91%
Russell 2000 Value	2643.45	11/8/2021	1067.63	3/23/2020	1961.67	-25.79%	-5.07%	2.69%
Russell 3000	2804.93	1/3/2022	934.37	6/24/2013	2394.29	-14.64%	8.73%	1.65%
MSCI World Net (ex U.S.) (USD)	7936.92	9/6/2021	4189.62	2/11/2016	7088.90	-10.68%	6.24%	3.37%
MSCI Emerging Markets Net (USD)	699.23	2/17/2021	296.25	1/21/2016	491.17	-29.76%	1.05%	3.17%
Ibovespa/Brazil (USD)	29488.46	1/2/2020	9077.09	1/21/2016	21260.52	-27.90%	1.08%	6.59%
RTS/Russia (USD)	1919.58	10/25/2021	628.41	1/20/2016	1055.41	-45.02%	11.51%	10.08%
S&P BSE 500/India (USD)	337.94	1/13/2022	95.89	9/3/2013	303.02	-10.33%	2.40%	1.41%
Shanghai Composite/China (USD)	832.07	6/12/2015	317.13	6/27/2013	450.57	-45.85%	0.83%	2.68%
KOSPI/South Korea (USD)	2.93	6/16/2021	1.16	3/19/2020	1.94	-33.76%	9.90%	2.02%
Hang Seng (USD)	4241.01	1/26/2018	1871.10	10/31/2022	2328.53	-45.09%	-7.29%	4.25%
MSCI Euro (USD)	1705.00	9/6/2021	865.50	3/18/2020	1473.52	-13.58%	12.75%	3.40%
S&P 500 Consumer Discretionary	1673.27	11/19/2021	432.29	6/24/2013	1188.05	-29.00%	18.64%	0.98%
S&P 500 Consumer Staples	841.99	4/20/2022	402.28	6/20/2013	757.09	-10.08%	-1.89%	2.61%
S&P 500 Energy	737.09	6/23/2014	179.94	3/18/2020	585.66	-20.54%	-11.44%	4.40%
S&P 500 Utilities	394.81	9/12/2022	183.44	6/20/2013	327.97	-16.93%	-7.22%	3.32%
S&P 500 Financials	688.85	1/12/2022	253.31	6/24/2013	526.72	-23.54%	-6.77%	1.98%
S&P 500 Banks	461.87	1/12/2022	180.19	2/11/2016	280.99	-39.16%	-13.08%	3.76%
FTSE NAREIT All Equity REITs	980.08	12/31/2021	483.48	3/23/2020	685.60	-30.05%	-2.32%	4.52%
S&P 500 Health Care	1664.59	4/8/2022	543.06	6/20/2013	1486.29	-10.71%	-5.60%	1.72%
S&P 500 Pharmaceuticals	1037.48	12/14/2022	431.99	6/24/2013	949.66	-8.46%	-5.02%	2.57%
NYSE Arca Biotechnology	6319.77	2/8/2021	1852.18	6/20/2013	5236.75	-17.14%	-0.75%	0.31%
S&P 500 Information Technology	3107.46	12/27/2021	483.30	6/24/2013	2896.25	-6.80%	33.95%	0.88%
Philadelphia Semiconductor	4039.51	12/27/2021	451.22	8/27/2013	3453.18	-14.51%	37.12%	1.24%
S&P 500 Communication Services	288.46	9/1/2021	130.86	12/24/2018	210.66	-26.97%	32.81%	0.84%
S&P 500 Industrials	905.63	1/4/2022	361.17	6/24/2013	816.88	-9.80%	-0.99%	1.83%
S&P 500 Materials	569.63	12/31/2021	234.97	1/25/2016	471.02	-17.31%	-2.99%	2.36%
Philadelphia Gold & Silver	167.76	4/14/2022	38.84	1/19/2016	122.39	-27.04%	2.18%	2.09%
Refinitiv/CC CRB Excess Return	329.59	6/9/2022	106.29	4/21/2020	253.85	-22.98%	-8.60%	N/A
ICE BofA Perpetual Preferred	319.67	9/22/2021	179.47	8/19/2013	278.35	-12.93%	2.49%	7.27%
ICE BofA U.S. High Yield Constrained	522.13	12/28/2021	313.74	2/11/2016	480.64	-7.95%	3.73%	8.89%

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