

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	4.294 (-0.5 bps)	Bond Buyer 40 Yield:	4.96 (unch.)
6 Mo. T-Bill:	4.233 (-3.9 bps)	Crude Oil Futures:	65.30 (-9.30)
1 Yr. T-Bill:	3.970 (-9.1 bps)	Gold Spot:	3,274.33 (-94.06)
2 Yr. T-Note:	3.748 (-16.0 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.717 (-14.4 bps)	US High Yield:	7.39 (-20 bps)
5 Yr. T-Note:	3.830 (-13.1 bps)	BB:	6.10 (-16 bps)
10 Yr. T-Note:	4.277 (-9.8 bps)	B:	7.56 (-20 bps)
30 Yr. T-Bond:	4.835 (-5.5 bps)		

Treasury yields fell across the board last week as economic data reinforced bets that the Federal Reserve will cut interest rates by year-end. Existing home sales rose 0.8% in May to a 4.03 million annual rate, beating expectations of 3.95 million, but remain 0.7% below year-ago levels. Sales are still well below pre-COVID norms, with affordability constrained by 30-year mortgage rates holding near 7% as the Fed maintains its rate pause. Real GDP growth in Q1 was revised down to a -0.5% annualized rate, below the prior estimate and consensus of -0.2%, largely due to weaker consumer spending, which rose just 0.5% versus the previously reported 1.2%. "Core" GDP grew at a 1.9% rate, down from the earlier 2.5% estimate and marking the slowest pace in over two years. New orders for durable goods surged 16.4% in May—the fastest pace in over a decade—driven almost entirely by a spike in volatile commercial aircraft orders. Orders more than tripled from April, boosted by a major Boeing purchase from Qatar Airways during President Trump's tour of Saudi Arabia, Qatar, and the UAE. However, airline orders are expected to slow, with cancellations likely to rise in the coming months. U.S. consumer spending unexpectedly declined in May, down 0.1% overall and 0.3% after adjusting for inflation. The drop was broad-based, with most spending focused on necessities such as housing, utilities, and health care. Major economic reports (related consensus forecasts, prior data) for the upcoming holiday-shortened week include: Monday: June MNI Chicago PMI (42.9, 40.5); Tuesday: June Final S&P Global US Manufacturing PMI (52.0, 52.0), June ISM Manufacturing (48.7, 48.5); Wednesday: June 27th MBA Mortgage Applications (N/A, 1.1%), June ADP Employment Change (90k, 37k); Thursday: May Trade Balance (-\$71.1b, -\$61.6b), June Change in Nonfarm Payrolls (113k, 139k), June Unemployment Rate (4.3%, 4.2%), June 28th Initial Jobless Claims (241k, 236k), May Factory Orders (8.1%, -3.7%), June ISM Services Index (50.6, 49.9), May Final Durable Goods Orders (16.4, 16.4%).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow®	43,819.27 (3.83%)	Strong Sectors:	Comm. Services, Info Tech
S&P 500®	6,173.07 (3.45%)		Cons. Discretionary
S&P MidCap 400®	3,102.77 (2.58%)	Weak Sectors:	Cons. Staples, Real Estate
S&P SmallCap 600®	1,336.86 (3.11%)		Energy
Nasdaq Composite®	20,273.46 (4.25%)	NYSE Advance/Dencline:	2,049 / 787
Russell 2000®	2,172.53 (3.01%)	NYSE New Highs/New Lows:	216 / 80
		AAll Bulls/Bears:	35.1% / 40.3%

The S&P 500 rose 3.45% in a week that began with the US striking Iranian nuclear facilities over the weekend which resulted in a ceasefire Tuesday morning, sending stocks higher. After briefly hitting an intra-day all-time high on Friday, the market sank after Trump posted that he was cutting off all trade talks with Canada in response to Canada announcing a tax on US digital services, among other grievances, though the market then rallied late into an all-time high for a close. The communication services sector saw the highest return, pushed higher by interactive media giants **Meta Platforms** and **Alphabet's** Class A share, which returned 7.52% and 7.14% respectively. The information technology sector came in second as the semiconductor industry rose 8.42%. Apparel titan **NIKE** rose 20.49% last week, leading consumer discretionary names after topping 4th quarter earnings and revenue estimates while the market responded positively to the company's "win now" strategy outlined in the earnings call. The energy sector fell along with oil prices last week as the market digested the implications of US strikes against oil-rich Iran. Turning to economic news, the US Composite PMI came in a bit higher than expected at 52.8 versus 52.2, largely due to a surprise to the upside in manufacturing. The Conference Board's Consumer Confidence survey came in at 93.0, lower than the 99.8 figure expected. New home sales missed estimates, registering a 623k figure instead of the 693k expected, while the previous number 743k was revised down to 722k. First quarter GDP was revised to -0.5% in the third reading, down from -0.2% before. Personal income in May tumbled from +0.8% the month before down to -0.4%, below of the +0.3% expected. Personal spending fell from +0.2% to -0.1%, just shy of the +0.1% expected. Upcoming this truncated week there will be plenty of news for investors to digest; on the economic front, we will get ISM data, construction spending, JOLTS employment data, ADP employment data, and of course changes in non-farm payrolls for June, along with the unemployment rate and labor force participation rate, and hourly earnings. On the earnings front, only two members of the S&P 500 next week as the new quarter begins: beverage company **Constellation Brands** and capital markets name **MarketAxess Holdings**.

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