

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.00 (+03 bps)	GNMA (30 Yr) 6% Coupon:	112-26/32 (2.08%)
6 Mo. T-Bill:	1.11 (+07 bps)	Duration:	4.15 years
1 Yr. T-Bill:	1.19 (+04 bps)	Bond Buyer 40 Yield:	4.05 (+02 bps)
2 Yr. T-Note:	1.34 (+05 bps)	Crude Oil Futures:	45.83 (-1.83)
3 Yr. T-Note:	1.48 (+05 bps)	Gold Spot:	1,266.76 (-12.41)
5 Yr. T-Note:	1.77 (+05 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.20 (+04 bps)	U.S. High Yield:	6.01% (+04 bps)
30 Yr. T-Bond:	2.86 (+05 bps)	BB:	4.55% (+01 bps)
		B:	6.12% (+07 bps)

Treasury prices dropped moderately over the course of the week on surprisingly steady trading despite several geopolitical and economic events. Former FBI Director James Comey testified in front of the Senate Intelligence Committee on Thursday and did not implicate that President Donald Trump had any direct connections to Russia, nor did he assert that the President tried to impede the investigation. This caused demand for Treasuries to drop as fears of turmoil were lessened and investors took a more risk-on approach. Later on Thursday, the United Kingdom had a general election where Theresa May's Tories came up short of projections and a majority in parliament. However, May is reportedly working with the Northern Ireland's Democratic Unionist Party to secure a bloc slightly above the 326-seat threshold needed for a majority. The outcome is being seen as optimistic and soft for the Brexit, which also contributed to a risk-on trade from investors. The European Central Bank also left interest rates unchanged and removed a reference to rates possibly moving lower. Now that these three potential risk-causing events have passed, demand for the perceived safety of Treasuries from investors is lower. The Federal Reserve will decide on interest rates next week and the market implied probability of a rate hike is 95.7%. Oil also dropped 4% over week after an unexpected rise in U.S. crude inventory levels. Major economic reports (related consensus forecasts; prior data) for the upcoming week include Tuesday: May PPI Final Demand (0.0%, 0.5% MoM; 2.3%, 2.5% YoY); Wednesday: June 9 MBA Mortgage Applications (-, 7.1%), May CPI (0.0%, 0.2% MoM; 2.0%, 2.2% YoY), May Retail Sales Advance (0.1%, 0.4% MoM), FOMC Rate Decision (Upper 1.25%, Lower 1.00%); Thursday: June Empire Manufacturing (5.0, -1.0), June 10 Initial Jobless Claims (240k, 245k), June Philadelphia Fed Business Outlook (25.0, 38.8); Friday: May Housing Starts (1.22M, 1.172M), June Prelim U. of Michigan Sentiment (97.1, 97.1).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	21,271.97 (0.33%)	Strong Sectors:	Financials, Energy
S&P 500:	2,431.77 (-0.27%)		Materials
S&P Midcap:	1,757.54 (0.41%)	Weak Sectors:	Information Technology,
S&P Smallcap:	864.11 (1.45%)		Consumer Disc, Utilities
NASDAQ Comp:	6,207.92 (-1.53%)	NYSE Advance/Decline:	1,488 / 1,567
Russell 2000:	1,421.71 (1.18%)	NYSE New Highs/New Lows:	405 / 139
		AAll Bulls/Bears:	35.4% / 29.5%

Last week U.S. stocks moved lower through Tuesday, rebounded on Wednesday and Thursday and ultimately closed out the week lower by -0.27% on Friday, as measured by the S&P 500. Political news continues to drive the markets. Former FBI Director James Comey testified in front of the Senate on Thursday and raised questions about President Trump's conduct. On the other side of the Capitol, the House voted to overhaul major sections of the Dodd-Frank law. The measure would exempt banks from stricter oversight by regulators if more capital is held, and would give Congress more power over the bank regulatory system. Overseas, the U.K. voted in a snap election fronted by Prime Minister Theresa May. The vote was May's way to increase her parliamentary majority, but the plan failed as the Labour Party increased its seats. Back in the US, Consumer Discretionary and Information Technology stocks were the worst performing groups in the S&P 500. However, the top performing stocks in the index were mostly from those two groups. **Advanced Micro Devices**, a semiconductor manufacturer, posted the best return in the index. News that the company's graphic chips would be a component of some new **Apple** products and a boost in sales due to Bitcoin mining caused the company to rally this week. The department store **Nordstrom** rallied through the end of the week after management announced they were exploring options to take the company private as a means to return to positive sales. **Under Armour** and **Michael Kors** also went against the retail slide with both stocks returning about 8% during the week. The Federal Reserve is expected to raise rates this week. Markets will look to this decision and the commentary supporting the move; most notably the plan to shrink its \$4.5 trillion dollar balance sheet after accelerating asset purchases following the financial crisis.

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