

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.95 (-.05 bps)	GNMA (30 Yr) 6% Coupon:	112-30/32 (2.04%)
6 Mo. T-Bill:	1.10 (-.01 bps)	Duration:	4.09 years
1 Yr. T-Bill:	1.20 (+01 bps)	Bond Buyer 40 Yield:	4.04 (-01 bps)
2 Yr. T-Note:	1.34 (+02 bps)	Crude Oil Futures:	43.01 (-1.73)
3 Yr. T-Note:	1.48 (+01 bps)	Gold Spot:	1,256.20 (+2.20)
5 Yr. T-Note:	1.76 (+02 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.14 (-01 bps)	U.S. High Yield:	6.08% (+08 bps)
30 Yr. T-Bond:	2.72 (-06 bps)	BB:	4.58% (+05 bps)
		B:	6.22% (+10 bps)

The yield curve has flattened over the past four week period as short-term rates have risen along with the Federal Reserve's current tightening cycle but long-term rates have sagged as the market seemingly lacks conviction that economic expansion will support higher inflation and growth rates. Last week's existing home sales report trundled higher 1.1% and exceeded consensus expectations. Single-family homes drove the beat and median home sales prices were up as well. The supply continues to be constrained at just 4.2 months of inventory at the current sales pace, which, coupled with rising prices could represent difficulties towards further sales pace expansion. There was also a New Home Sales report released Friday for the previous month which easily exceeded consensus expectations as well. The strength in new and existing home sales is aided by the current low unemployment rate and any potential wage gains resulting from tighter labor markets would potentially aid continued sales price expansion. Major economic reports (related consensus forecasts; prior data) for the upcoming week include: Tuesday: June Consumer Confidence (116, -1.9); Wednesday: June 23 MBA Mortgage Applications; Thursday: Q1 QoQ GDP (1.2%, unch.), Q1 Personal Consumption (.6%, unch.), Q1 GDP Price Index (2.2%, unch.), Q1 Core PCE (2.1%, unch) and June 24 Initial Jobless Claims (240K, -1K); Friday: May Personal Income (.1%, -.3%), June Chicago Purchasing Manager (58, -1.4) and June University of Michigan Sentiment (94.5, unch.).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	21,394.76 (+0.05%)	Strong Sectors:	Health Care, Info Tech, Real Estate
S&P 500:	2,438.30 (+0.22%)	Weak Sectors:	Energy, Telecom, Utilities
S&P Midcap:	1,743.95 (-0.54%)		
S&P Smallcap:	853.17 (+0.07%)		
NASDAQ Comp:	6,265.25 (+1.85%)	NYSE Advance/Decline:	1,533 / 1,556
Russell 2000:	1,414.78 (+0.58%)	NYSE New Highs/New Lows:	368 / 187
		AAll Bulls/Bears:	32.7% / 28.9%

Equities ended the week marginally higher as health-care and information technology firms offset losses in energy and financial companies. Shares of biotechnology and pharmaceutical corporations posted their largest weekly gain since the November elections as positive clinical trial results from a few drug companies and the unveiling of the Senate Republicans' plan to overhaul the Affordable Care Act drove shares higher. **Clovis Oncology Inc.** jumped 58% for the week, after the company reported positive trial results for its ovarian cancer drug. After two straight weeks of selling, technology shares recovered with **Apple Inc.** gaining nearly 3% for the week as investors picked up shares at a discount to recent prices. Falling oil prices and inflation expectations sent energy and financial shares lower for the week. In economic news, both new and existing home sales beat consensus expectations, despite higher prices from inventory constraints. In other stock news, **Bed Bath & Beyond Inc.** was the latest brick-and-mortar retailer to announce disappointing results on declining store traffic and fierce competition from **Amazon.com Inc.** and **Wal-Mart Stores Inc.** Shares of **Chipotle Mexican Grill Inc.** fell after the fast-casual burrito chain announced increased marketing and cyber security costs, which are likely to hurt margins. For the week ahead, key economic data points will be durable goods orders, personal income data, and the final reading of first quarter GDP.

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