

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.905 (1.5 bps)	GNMA (30 Yr) 6% Coupon:	107-22/32 (3.68%)
6 Mo. T-Bill:	2.087 (2.3 bps)	Duration:	3.99 years
1 Yr. T-Bill:	2.257 (1.0 bps)	Bond Buyer 40 Yield:	3.96 (-2 bps)
2 Yr. T-Note:	2.472 (-0.4 bps)	Crude Oil Futures:	65.81 (-2.07)
3 Yr. T-Note:	2.600 (-0.8 bps)	Gold Spot:	1,293.40 (-8.85)
5 Yr. T-Note:	2.748 (-1.7 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.902 (-2.9 bps)	U.S. High Yield:	6.55 (1 bps)
30 Yr. T-Bond:	3.051 (-4.1 bps)	BB:	5.42 (4 bps)
		B:	6.83 (3 bps)

A holiday shortened week saw US Treasury markets fluctuate due to an array of matters. On Tuesday, 10-year Treasury notes declined 15.9 bps, the largest single-day drop since the day following Britain's vote to leave the European Union, as investors hid in safe havens amid turmoil surrounding the hostile Italian political environment and their standing in the European Union. US Treasury yields continued to dip Thursday as the US announced tariffs on steel and aluminum imported from Canada, Mexico, and the European Union. Investors escaped risky assets for US Treasuries as investors fear the tariffs could spark retaliatory actions from Canada, Mexico, and the European Union, potentially leading to a trade war. The week wrapped up with the yield on US 10-year Treasury notes climbing on Friday. The increase in yields was due to a strong jobs report which saw data for unemployment, nonfarm payrolls, and average hourly earnings better than analyst expectations. Investors view the strong jobs report as an indicator that the Federal Reserve will increase rates later in mid-June. Meanwhile in Italy, tensions cooled and uncertainty diminished as opposing populist parties agreed to form a coalition ending months of political stalemate. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: April Factory Orders (-0.5%, 1.6%), April Final Durable Goods Orders (N/A, -1.7%); Wednesday: June 1 MBA Mortgage Applications (N/A, -2.9%), April Trade Balance (-\$49.0b, -\$49.0b); Thursday: June 2 Initial Jobless Claims (222k, 221k); Friday: April Final Wholesale Inventories (0.0%, 0.0%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	24,635.21 (-0.38%)	Strong Sectors:	Information Technology, Energy, Real Estate
S&P 500:	2,734.62 (0.54%)	Weak Sectors:	Financials, Industrials, Telecom Services
S&P Midcap:	1,958.33 (0.63%)	NYSE Advance/Decline:	1,792 / 1,274
S&P Smallcap:	1,015.57 (1.12%)	NYSE New Highs/New Lows:	244 / 163
NASDAQ Comp:	7,554.33 (1.65%)	AAll Bulls/Bears:	35.0% / 26.4%
Russell 2000:	1,647.98 (1.32%)		

The observance of Memorial Day last Monday resulted in a shortened trading week. The S&P 500 Index returned 0.54%, but displayed some volatility over the four days of trading. The index closed the month of May returning 2.41%, showing its best performance since January's 5.73%. Equities were pressured on Tuesday as Italian political news raised concerns over their sovereign debt and the effects it would have globally. The financials sector felt the most weight as the S&P 500 Financials Index returned -3.37%. Stocks rallied Wednesday after Italy was able to issue sovereign debt. Equities encountered more resistance on Thursday as trade war concerns began to rise again after the US announced it would enact its steel and aluminum tariffs. In economic news, US Nonfarm Payrolls showed 223K new jobs in May, much higher than the expected 190K. The US unemployment rate dropped to 3.8%, the lowest rate since April 2000. US initial jobless claims of 221K were lower than the consensus estimate of 228K and the previous week's 234K. Crude oil prices were down 3.05% last week closing at \$65.81 per barrel. **Nektar Therapeutics**, a biopharmaceutical company that develops drugs for oncology and other therapeutic areas, was the week's best performing stock in the S&P 500 Index. The stock jumped 12.56% on Friday prior to presenting their new drug at an annual oncology conference. **General Motors Co.** announced on Thursday that their self-driving program will receive a \$2.25 billion investment over two tranches from Softbank Vision Fund, sending their stock up 12.87%. **TripAdvisor Inc.**, an online travel research company, returned 11.58% last week. While the company's stock price saw pressure in late 2017 for multiple reasons including increased competition, the stock has recently been on a positive move and has returned 42.37% since its large earnings surprise announcement on May 8.

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