

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.337 (-3.6 bps)	GNMA (30 Yr) 6% Coupon:	105-26/32 (4.11%)
6 Mo. T-Bill:	2.375 (-3.7 bps)	Duration:	3.71 years
1 Yr. T-Bill:	2.321 (-0.3 bps)	Bond Buyer 40 Yield:	3.75 (1 bps)
2 Yr. T-Note:	2.164 (-3.4 bps)	Crude Oil Futures:	58.63 (-4.13)
3 Yr. T-Note:	2.103 (-4.1 bps)	Gold Spot:	1,284.93 (+7.40)
5 Yr. T-Note:	2.121 (-5.2 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.320 (-7.1 bps)	U.S. High Yield:	6.73 (4 bps)
30 Yr. T-Bond:	2.751 (-7.4 bps)	BB:	5.18 (1 bps)
		B:	7.16 (8 bps)

U.S. Treasury yields rallied on Friday after geopolitical turmoil continued to rattle financial markets last week. President Donald Trump mentioned the United States would be willing to pull back its ban against Huawei Technologies Inc. as part of a trade deal. Investors remain concerned that the longstanding trade dispute will not be resolved. On Thursday, the U.S. Treasury 10-year yield fell to the lowest level since late 2017. The drop in Treasury yields on Thursday were due in part to the reception of United States economic data. April new single-family home sales fell 6.9%, with median prices of new homes sold 8.8% higher year-over-year. April existing home sales fell 0.4%, with median prices of existing homes sold increasing 3.6% versus one year ago. Despite the disappointing headlines, the underlying data was more encouraging. New home sales are up 7.0% from a year ago. Mortgage rates are about 80 basis points lower than peak rates in November, which aids home sales. As for existing home sales, the rate of growth for median prices has been slowing and inventories are improving versus this time last year. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Tuesday: March FHFA House Price Index MoM (0.2%, 0.3%), May Conference Board Consumer Confidence (130.0, 129.2); Wednesday: May 24 MBA Mortgage Applications (n/a, 2.4%); Thursday: 1Q Second GDP Annualized QoQ (3.1%, 3.2%), 1Q Second Personal Consumption (1.2%, 1.2%), May 25 Initial Jobless Claims (214k, 211k), April Preliminary Wholesale Inventories MoM (0.1%, -0.1%); Friday: April Personal Income (0.3%, 0.1%), April Personal Spending (0.2%, 0.9%), May MNI Chicago PMI (54.0, 52.6), May Final University of Michigan Sentiment (101.3, 102.4).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	25,585.69 (-0.63%)	Strong Sectors:	Utilities, Health Care, Real Estate
S&P 500:	2,826.06 (-1.14%)	Weak Sectors:	Energy, Information Tech, Consumer Discretionary
S&P Midcap:	1,862.83 (-1.39%)	NYSE Advance/Decline:	1,218 / 1,827
S&P Smallcap:	917.54 (-1.80%)	NYSE New Highs/New Lows:	265 / 236
NASDAQ Comp:	7,637.01 (-2.28%)	AAII Bulls/Bears:	24.7% / 36.1%
Russell 2000:	1,514.11 (-1.39%)		

After hitting an all-time closing high of 2,945.83 on April 30 and climbing 18.25% in the first four months of 2019, the S&P 500 Index has shown negative performance in the month of May recording three straight weeks of declines. The index declined 1.14% last week and has declined 3.87% thus far in May. Much of the downside pressure has come from the intensification of the United States and China trade conflict, increasing volatility in financial markets. The increased strain on trade between the two largest economies could have a negative effect on consumer sentiment and commercial spend, increasing the risk of growth decelerating. The information technology sector has been under pressure after the United States Department of Commerce added Chinese telecom networking giant Huawei Technologies Company LTD to an entity list of companies requiring special licenses to buy parts from US suppliers, potentially creating stress to US microchip suppliers. US initial jobless claims of 211K were slightly lower than the previous week's claims of 212K and lower than the consensus estimate of 215K. Crude oil closed the week at \$58.63 per barrel, a decrease of 6.58% for the week making it oil's largest decline for a trading week in 2019. **QUALCOMM Inc.**, a producer of microchips used in smartphones, declined 18.76% last week. The company's stock dropped after a US District judge agreed with the Federal Trade Commission (FTC) and ruled that their excessive licensing fees were anti-competitive and violate antitrust law. **Broadcom Inc.**, a manufacturer of semiconductors used in smartphones and routers, declined 11.71% last week after news that the FTC is also investigating the company for antitrust violations. General merchandising giant **Target Corp.** was the week's best performing stock in the S&P 500 Index climbing 15.07%. The stock jumped on Wednesday after a positive first quarter earnings announcement which beat expectations. Other retailer earnings announcements expected this week include **Costco Wholesale Corp**, **Dollar General Corp**, **Dollar Tree Inc.**, and **Ulta Beauty Inc.**

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