

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.100 (-6.9 bps)	GNMA (30 Yr) 6% Coupon:	109-23/32 (2.95%)
6 Mo. T-Bill:	2.041 (-13.0 bps)	Duration:	3.74 years
1 Yr. T-Bill:	1.928 (-7.9 bps)	Bond Buyer 40 Yield:	3.71 (-1 bps)
2 Yr. T-Note:	1.768 (-7.3 bps)	Crude Oil Futures:	57.43 (4.92)
3 Yr. T-Note:	1.723 (-5.9 bps)	Gold Spot:	1,399.63 (57.93)
5 Yr. T-Note:	1.791 (-4.2 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.054 (-2.6 bps)	U.S. High Yield:	6.41 (-23 bps)
30 Yr. T-Bond:	2.584 (-0.2 bps)	BB:	4.79 (-22 bps)
		B:	6.91 (-25 bps)

Treasury prices rose over the course of the week as the Federal Reserve signaled that monetary policy would be eased later this year. On Wednesday, the Fed kept interest rates unchanged with a range of 2.25-2.50, however, it removed the phrase “patience” from its policy statement. In addition, the Fed added skepticism that the economic outlook improved and revealed a “dot plot” that showed seven board members forecasted two rate cuts by the end of 2019. It was reported that President Trump contemplated demoting Fed Chairman Jerome Powell as Trump has repeatedly called for rate cuts. The European Central Bank President Mario Draghi also signaled that the ECB would use measures to boost the eurozone and insisted he could use further rate cuts. Oil prices rose 9% as tensions escalated in the strait of Hormuz, a major oil shipping lane, when Iran shot down a U.S. drone, increasing geopolitical fears. However, these fears were mitigated slightly on Friday as President Trump declined military retaliation. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: May New Home Sales (685k, 673k), June Conf. Board Consumer Confidence (131.0, 134.1); Wednesday: June 21 MBA Mortgage Applications (n/a, -3.4%), May Prelim. Durable Goods Orders (-0.1%, -2.1%), May Prelim. Wholesale Inventories MoM (0.5%, 0.8%); Thursday: 1Q (Third) GDP Annualized QoQ (3.2%, 3.1%), June 22 Initial Jobless Claims (219k, 216k); Friday: May Personal Income (0.3%, 0.5%), May Personal Spending (0.5%, 0.3%), June MNI Chicago PMI (54.0, 54.2), June Final U. of Mich. Sentiment (97.9, 97.9).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	26,719.13(2.41%)	Strong Sectors:	Energy, Info. Tech,
S&P 500:	2,950.46 (2.22%)		Health Care
S&P Midcap:	1,928.11 (1.49%)	Weak Sectors:	Financials, Materials,
S&P Smallcap:	937.05 (1.49%)		Cons. Staples
NASDAQ Comp:	8,031.71 (3.03%)	NYSE Advance/Decline:	2,088 / 940
Russell 2000:	1,549.63 (1.80%)	NYSE New Highs/New Lows:	502 / 134
		AAII Bulls/Bears:	29.5% / 38.4%

Despite a leap in geopolitical risks, continued trade disputes and spotty economic data, the S&P 500 Index closed at its all time high last week. Fueled by the Federal Reserve’s dovish comments Wednesday, along with an equity rally in Europe Thursday, the S&P 500 index returned 2.2% last week. Last week’s headlines were dominated by Iranian-U.S. relations. On June 14<sup>th</sup> Iran bombed two oil tankers around the Strait of Hormuz. To start last week, Iran shot down a \$130m U.S. drone that was flying international airspace. Friday, U.S. President Donald Trump had prepared retaliatory action on three Iranian sites, but at the last minute called off the counter measures. Turning gears, the Federal Reserve announced that interest rates would remain unchanged after their June meeting. They did soften their interest rate forecast language citing rising uncertainties about the U.S. economic outlook. Equity markets reacted positively, as the shift to more dovish language increased the odds of an interest rate cut, thus lowering the risk that the Fed has overhauled with interest rate hikes and shrinking their balance sheet. **Facebook Inc.** unveiled plans for a new cryptocurrency called the ‘Libra’. They have reportedly already received backers from Visa, Mastercard, PayPal and Uber. The euphoria sent shares up 5.4% last week, but plenty of regulation and supervision details remain before the proposed 2020 launch. **Adobe Inc.** finished last week up over 9% after announcing quarterly results including 25% year-over-year revenue growth. They credited the financial success to continued investment into their innovative technology platform with a strong ecosystem of partners. **Boeing Co.** announced that their troubled 737 Max design is under full review by regulators, signaling that the Max’s pathway back to service is underway, shares were up 7% last week as a result. Looking ahead to next week, equity markets will likely trade on geopolitical news between Chinese trade, Iranian hostilities, along with additional U.S. sanctions and the G-20 summit starting next Friday.

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