

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.087 (-1.3 bps)	GNMA (30 Yr) 6% Coupon:	109-28/32 (2.91%)
6 Mo. T-Bill:	2.090 (+4.9 bps)	Duration:	3.75 years
1 Yr. T-Bill:	1.925 (-0.3 bps)	Bond Buyer 40 Yield:	3.71 (-1 bps)
2 Yr. T-Note:	1.755 (-1.3 bps)	Crude Oil Futures:	58.47 (+1.04)
3 Yr. T-Note:	1.706 (-1.7 bps)	Gold Spot:	1,409.55 (+9.92)
5 Yr. T-Note:	1.766 (-2.4 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.005 (-4.9 bps)	U.S. High Yield:	6.45 (+4 bps)
30 Yr. T-Bond:	2.529 (-5.5 bps)	BB:	4.80 (+1 bps)
		B:	6.78 (-13 bps)

As the Federal Reserve indicates there is potential for lower interest rates and China/US trade tensions run high, gold has spiked to a six-year high with prices above \$1,400/oz. This comes as oil is also resting at almost \$60/bbl after nearly sinking below \$50/bbl mid-month. While the Federal Reserve has not cut rates in 2019, the 10-year treasury yield has fallen from over 3% in late 2018 to just above 2% at current. Further, based on market embedded expectations for the Federal Reserve, interest rates will be cut by a full percentage point in the coming year. While it is summer and next week will be shortened by Independence Day celebrations, markets will be anxious to see next week's Jobs data and June unemployment numbers. On Friday of last week, personal income was seen rising by half-a-percent in May which was ahead of expectations. For the past year, income has risen 4.1% but spending has increased 4.2%. Major economic reports (related consensus forecasts, prior data) for the upcoming holiday-shortened week include Monday: June final Markit US Manufacturing PMI (50.1, 50.1), June ISM Manufacturing (51, 52.1) and May MoM Construction Spending (0.1%, 0.0%); Wednesday: June 28 MBA Mortgage Applications (N/A, 1.3%), June ADP Employment Change (140K, 27K), May Trade Balance (-\$53.4B, -\$50.8B), June 29 Initial Jobless Claims (220K, 227K), May Factory Orders (-0.5%, -0.8%) and May Final Durable Goods Orders (N/A, -1.3%); Friday: June Change in Nonfarm Payrolls (163K, 75K) and June Unemployment Rate (3.6%, 3.6%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	26,599.96 (-0.45%)	Strong Sectors:	Materials, Financials, Industrials
S&P 500:	2,941.76 (-0.28%)	Weak Sectors:	Real Estate, Utilities, Health Care
S&P Midcap:	1,945.51 (0.96%)	NYSE Advance/Decline:	1,736 / 1,327
S&P Smallcap:	953.25 (1.80%)	NYSE New Highs/New Lows:	368 / 130
NASDAQ Comp:	8,006.24 (-0.30%)	AAII Bulls/Bears:	29.6% / 32.1%
Russell 2000:	1,566.57 (1.16%)		

Last week, the S&P 500 Index showed its first and only down week in June declining 28 basis points. The index finished with a 7.05% return in June, the second-best month in 2019, and a semi-annual 2019 return of 18.54%, its best opening six-month performance since 1997. The United States and China trade conflict continues to be an area of focus for the markets. Investors are cautiously optimistic that progress will be made this weekend at the G-20 meeting in Japan towards a future trade deal. U.S. President Donald Trump and China's President Xi Jinping are expected to meet on Saturday for lunch in Osaka, Japan. US initial jobless claims of 227K were higher than the previous week's claims of 216K and higher than the consensus estimate of 220K. Crude oil closed the week at \$58.47 per barrel, an increase of 1.81% for the week. Though the health care sector was a laggard, **Allergan PLC**, a specialty pharmaceutical company best known for their Botox product, was the week's best performing stock in the S&P 500 Index climbing 27.99%. The stock jumped over 25% on Tuesday after the announcement that a takeover deal was reached, while **AbbVie Inc.**, the acquiring company, declined 7.69% last week. **Bristol-Myers Squibb Company**, a global biopharmaceutical company, was the worst performing stock in the S&P 500 Index returning -8.09%. The stock dropped after the announced agreement to sell **Celgene's** psoriasis drug Otezla to comply with the Federal Trade Commission and avoid any antitrust concerns with their pending acquisition of **Celgene Corp.** **Micron Technology Inc.**, a memory chip producer, advanced 16.06% last week on their better than expected earnings announcement and expectations for continued growth in global demand for DRAM semiconductors. Other semiconductor stocks, such as **NVIDIA Corp** and **Western Digital Corp**, rallied sharply on the announcement as chip demand has been affected by the trade dispute with China. No earnings announcements are expected this holiday shortened trading week.

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