

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.064 (-6.6 bps)	GNMA (30 Yr) 6% Coupon:	109-29/32 (2.89%)
6 Mo. T-Bill:	2.025 (-4.4 bps)	Duration:	3.75 years
1 Yr. T-Bill:	1.931 (-2.5 bps)	Bond Buyer 40 Yield:	3.68 (-01 bps)
2 Yr. T-Note:	1.818 (-2.9 bps)	Crude Oil Futures:	55.63 (-4.58)
3 Yr. T-Note:	1.785 (-4.0 bps)	Gold Spot:	1,425.37 (+9.62)
5 Yr. T-Note:	1.815 (-5.6 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.055 (-6.7 bps)	U.S. High Yield:	6.48 (+02 bps)
30 Yr. T-Bond:	2.579 (-6.7 bps)	BB:	4.84 (unch.)
		B:	6.80 (+03 bps)

Even when not meeting the Federal Reserve is managing to move markets. On Thursday, the Federal Reserve Bank of New York's President John Williams commented that it is beneficial for monetary policy to respond quickly when there is need for stimulus as a result of slowing economic conditions. These comments were appropriately regarded as dovish by the markets but on Friday, the Central Bank clarified the comments saying that they were academic in nature and not specific to the upcoming July 30-31 Federal Open Market Committee meeting. As a result, on Friday, short-end interest rates marched higher as markets priced in the increased likelihood of a 25-bps cut. On a relative basis, the US monetary policy has been restrictive when contrasted with generally loose global monetary conditions. Industrial Production was reported as unchanged for June last Tuesday, but overall capacity utilization declined slightly. Retail sales were reported as increasing 0.4% in June which was ahead of expectations. Despite some observed weakness in pockets of the economy, the consumer remains strong as unemployment is at relative lows. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: June existing home sales (5.34M, unch.); Wednesday: July 19 MBA mortgage applications (N/A, -1.1%), July preliminary Markit US Manufacturing PMI (51.0, 50.6) and June new home sales (658K, 626K); Thursday: June preliminary Wholesale Inventories (0.4%, 0.4%), June preliminary Durable Goods Orders (0.7%, -1.3%) and July 20 Initial Jobless Claims (217K, 216K); Friday: 2Q annualized QoQ GDP (1.8%, 3.1%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	27,154.20 (-0.61%)	Strong Sectors:	Consumer Staples, Materials, Utilities
S&P 500:	2,976.61 (-1.21%)	Weak Sectors:	Communication Services, Energy, Real Estate
S&P Midcap:	1,937.40 (-1.16%)	NYSE Advance/Decline:	1,256 / 1,791
S&P Smallcap:	940.44 (-1.26%)	NYSE New Highs/New Lows:	468 / 145
NASDAQ Comp:	8,146.49 (-1.18%)	AAll Bulls/Bears:	35.9% / 28.6%
Russell 2000:	1,547.90 (-1.40%)		

The S&P 500 index declined 1.21% last week, the first down week in July. The index is up 20.06% year-to-date as equities have continued to advance in 2019. The United States and China trade conflict continues with sluggish progress as both sides view differences in what was agreed to at the G-20 summit, specifically with U.S. President Trump understanding that China would increase purchases of U.S. agricultural goods. However, it appears the Chinese will not be increasing those purchases until progress is made in trade talks and want U.S. suppliers to resume shipping to Huawei Technologies Co. and other Chinese companies on U.S. sanctions. US initial jobless claims of 216K matched the consensus estimate but were higher than the previous week's claims of 209K. Crude oil declined 7.61% last week and closed at \$55.63 per barrel, showing its second worst week of 2019. Communication services was the worst performing sector of the week which includes **Netflix Inc.** as one of its constituents. The Internet subscription based streaming service was the worst performing stock in the S&P 500 Index returning -15.58%. The stock dropped after Wednesday night's announcement that they had added 2.7 million subscribers globally in the second quarter but missed expectations of 5 million subscribers and declined 130K in domestic subscribers from the previous quarter. **Symantec Corp**, a security software company, fell 12.91% last week after media reports that their deal talks with potential acquirer **Broadcom Inc.** had ended as valuation could not be agreed upon. **JB Hunt Transport Services Inc.**, a trucking transportation company, was the best performing stock in the S&P 500 Index returning 11.62%. The stock jumped after announcing the company met second quarter revenue expectations and rose 10% from a prior year despite the weakening demand in the trucking industry. Earnings announcements expected this week include **Amazon.com Inc.**, **Alphabet Inc.**, **Facebook Inc.**, **Visa Inc.**, **AT&T Inc.**, **Intel Corp**, **Comcast Corp**, **Starbucks Corp** and many others.

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