

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.113 (4.9 bps)	GNMA (30 Yr) 6% Coupon:	110-07/32 (2.80%)
6 Mo. T-Bill:	2.087 (6.2 bps)	Duration:	3.78 years
1 Yr. T-Bill:	1.985 (5.4 bps)	Bond Buyer 40 Yield:	3.67 (-01 bps)
2 Yr. T-Note:	1.852 (3.4 bps)	Crude Oil Futures:	56.20 (+0.57)
3 Yr. T-Note:	1.818 (3.3 bps)	Gold Spot:	1,418.90 (-6.47)
5 Yr. T-Note:	1.847 (3.2 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.070 (1.5 bps)	U.S. High Yield:	6.40 (-08 bps)
30 Yr. T-Bond:	2.592 (1.3 bps)	BB:	4.77 (-07 bps)
		B:	6.71 (-09 bps)

Treasury prices dropped moderately over the course of the week on more dovish signals from the European Central Bank and optimism on trade. On Tuesday, prices fell as reports that U.S. negotiators will travel to China the following week to restart negotiations on trade put pressure on demand for the perceived safety of Treasuries. In the United Kingdom, pro-Brexit candidate Boris Johnson was elected to be the next Prime Minister, increasing the chances of a no-deal Brexit and uncertainty in the region. Later in the week, the ECB signaled that it would cut short-term interest rates for the first time since 2016 with a new bond-buying program. However, ECB President Mario Draghi did not deliver as dovish of comments as expected and did not provide clarity on the timing and size of easing efforts. The Federal Reserve Bank in the U.S. meets next week and is expected to cut interest rates on Wednesday. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Tuesday: June Personal Income (0.4%, 0.5%), June Personal Spending (0.3%, 0.4%), July Conf. Board Consumer Confidence (125.0, 121.5); Wednesday: July 26 MBA Mortgage Applications (n/a, -1.9%), July ADP Employment Change (150k, 102k), July MNI Chicago PMI (51.9, 49.7), July 31 FOMC Rate Decision Upper Bound (2.25%, 2.50%); Thursday: July 27 Initial Jobless Claims (215k, 206k), July Final Markit US Manufacturing PMI (n/a, 50.0), July ISM Manufacturing (52.0, 51.7), June Construction Spending MoM (0.4%, -0.8%); Friday: July Change in Nonfarm Payrolls (166k, 224k), July Unemployment Rate (3.7%, 3.7%), June Trade Balance (-\$54.5b, -\$55.5b), June Factory Orders (0.7%, -0.7%), June Durable Goods Orders (n/a, 2.0%), July Final U. of Mich. Sentiment (98.5, 98.4).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	27,192.45(0.14%)	Strong Sectors:	Comm. Services, Financials, Info Tech.
S&P 500:	3,025.86 (1.66%)	Weak Sectors:	Health Care, Energy, Utilities
S&P Midcap:	1,983.14 (2.37%)	NYSE Advance/Decline:	1,938 / 1,125
S&P Smallcap:	962.51 (2.36%)	NYSE New Highs/New Lows:	485 / 163
NASDAQ Comp:	8,330.21 (2.26%)	AAll Bulls/Bears:	31.7% / 32.0%
Russell 2000:	1,578.97 (2.02%)		

Last week the S&P 500 Index closed at an all-time high on Wednesday and then again on Friday. Equities continue to perform well as the U.S. economy remains strong. 2Q U.S. GDP was announced to be 2.1% despite Bloomberg's survey of economists expecting 1.8%. While this is below 3.1% from 1Q19, in the 42 quarters since 2008 there have been 19 lower GDP measures. Meanwhile Personal Consumption remains robust and inflation muted. Additionally, a rate cut from the Federal Reserve is expected on Wednesday of next week, which has been fueling equities as the era of low-cost borrowing appears to be continuing. Earnings season continued this week as 150 names in the S&P 500 Index announced quarterly results. **Twitter Inc.** announced they added 5m active users and increased their full year revenue guidance by 10% to \$875m, the stock was up nearly 9% Friday as a result. The parent corporation of **Google** announced 2Q revenues of \$31.7b, topping estimates. They also announced increased headcount (an indication of future growth) and margin improvement to 24%. Google's shares returned 10.5% for the week as a result of their strong announcement. **Starbucks Corp.** rallied nearly 10% last week after they announced revenue and earnings above expectations and announced over 50% of their beverages sold were cold, further showing the diversity of their revenue stream. Not all was rosy as **Align Technology Inc.** plummeted nearly 30% last week after lowering revenue guidance which caused sell side analyst to downgrade the stock and slash price targets. **The Boeing Co.** fell over 8% after they announced earnings that continue to have financial pressure from their 737 Max planes that are out of service. Their commercial airplane revenue was down 66% and deliveries down 54% as orders are frozen until the planes are fixed. Looking ahead to next week, earnings season continues as 168 companies in the S&P 500 Index are expected to release quarterly results.

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