

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.859 (-12.8 bps)	GNMA (30 Yr) 6% Coupon:	110-15/32 (2.72%)
6 Mo. T-Bill:	1.844 (-10.1 bps)	Duration:	3.71 years
1 Yr. T-Bill:	1.704 (-8.2 bps)	Bond Buyer 40 Yield:	3.53 (-5 bps)
2 Yr. T-Note:	1.476 (-17.0 bps)	Crude Oil Futures:	54.87 (+0.37)
3 Yr. T-Note:	1.430 (-16.1 bps)	Gold Spot:	1,513.52 (+16.57)
5 Yr. T-Note:	1.417 (-16.2 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.554 (-19.1 bps)	U.S. High Yield:	6.56 (+01 bps)
30 Yr. T-Bond:	2.035 (-22.4 bps)	BB:	4.82 (-02 bps)
		B:	7.03 (+01 bps)

Thursday of last week witnessed the 30-year Treasury yield fall below 2% for the first time ever and the U.S. two-year bond had a higher yield than the U.S. ten-year bond for the first time since before the last recession. By the end of Friday though, the 30-year had regained a 2% yield and the 10-year yielded more than the 2-year. The yield curve is currently very flat as investors consider heightened trade tensions, a pending potential Brexit and a very long running economic expansion. U.S. Treasury yields are still positive but \$15 trillion of global debt is negative-yielding. While rates have plunged to historic lows the Tuesday Consumer Price Index reading indicated higher for July and is up 1.8% from one year ago. This is not far off the Federal Reserve's 2% stated inflation target. Gold has soared in 2019 and is currently above \$1,500/oz since starting the year at \$1,282.49/oz and is regarded as a safe-haven asset like Treasuries. Also soaring in 2019 have been money market fund balances which have risen to a nearly 10-year high according to the Investment Company Institute. Last Thursday's economic data releases were mixed as July retail sales were shown increasing by 0.7% but industrial production declined 0.2%. Treasuries fell on Friday as German officials indicated that Germany would deficit spend should a recession hit the country. This is in contrast with its commitment to run a zero-deficit budget. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Wednesday: August 16 MBA Mortgage Applications (N/A, 21.7%) and July Existing Home Sales (5.40M, 5.27M); Thursday: August 17 Initial Jobless Claims (216K, 220K), August preliminary Markit US Manufacturing PMI (50.5, 50.4) and July Leading Index (0.2%, -0.3%); Friday: July New Home Sales (645K, 646K).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	25,886.01(-1.40%)	Strong Sectors:	Cons. Staples, Utilities, Real Estate
S&P 500:	2,888.68 (-0.94%)	Weak Sectors:	Materials, Financials, Energy
S&P Midcap:	1,873.22 (-1.43%)	NYSE Advance/Decline:	1,163 / 1,889
S&P Smallcap:	919.62 (-1.17%)	NYSE New Highs/New Lows:	373 / 440
NASDAQ Comp:	7,895.99 (-0.74%)	AAll Bulls/Bears:	23.2% / 44.8%
Russell 2000:	1,493.64 (-1.24%)		

The S&P 500 finished a volatile week lower, driven by the yield curve briefly inverting for the two-year and ten-year Treasuries. The brief inversion was partially due to weak economic data out of China and Germany, leading investors to seek safe haven assets. Despite the continued trade-war rhetoric and more volatile markets, the consumer remains a bright spot with retail sales advancing by 0.7% versus expectations of only a 0.3% gain. On a sector basis, defensive areas such as consumer staples and utilities held up better for the week, while cyclical sectors were hurt by recession fears fueled by the yield curve inversion. The banking industry was one of the worst performing industries as an inverted yield curve reduces the profitability of loans made. With earnings season coming to a close, a couple last bellwethers reported results. Despite fresh tariffs on Chinese goods, **Walmart Inc.** jumped after increasing full-year guidance and reporting comparable-store-sales excluding gas of 2.8%. By contrast, shares of **Cisco Systems Inc.** fell by over 8% after announcing disappointing results on a weak outlook due to headwinds from the continued U.S.-China trade war and slower global growth. **Myriad Genetics** plummeted after reporting an earnings miss and an FDA inquiry into one of its key drugs. **Sysco Inc.** beat reduced expectations as international was a relative bright spot for the food distributor. Looking ahead, investors will be focused on next week's Fed meeting to gain clues into future interest rate cuts. Several retailers are also set to report earnings next week including **Home Depot**, **TJX Companies** and **Gap Inc.** With global economic growth slowing, changes in data points are likely to lead to swings in the market.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial advisors are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.