

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.953 (9.5 bps)	GNMA (30 Yr) 6% Coupon:	110-07/32 (2.79%)
6 Mo. T-Bill:	1.862 (1.8 bps)	Duration:	3.71 years
1 Yr. T-Bill:	1.722 (1.8 bps)	Bond Buyer 40 Yield:	3.55 (2 bps)
2 Yr. T-Note:	1.533 (5.7 bps)	Crude Oil Futures:	54.17 (-0.70)
3 Yr. T-Note:	1.451 (2.1 bps)	Gold Spot:	1,526.96 (+13.44)
5 Yr. T-Note:	1.417 (0.0 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.535 (-1.9 bps)	U.S. High Yield:	
30 Yr. T-Bond:	2.025 (-1.0 bps)	BB:	4.69 (-13 bps)
		B:	6.87 (-16 bps)

Short-term Treasury yields rose moderately while long-term Treasury yields dropped moderately over the course of the week on talks of monetary policy and increased trade tensions between the United States and China. On Monday, yields rose across all durations on reports that Germany may use fiscal stimulus if its economy slowed. Long term yields dropped on Tuesday as President Donald Trump called for the Federal Reserve to be more aggressive with interest rate cuts and advocated for payroll tax cuts. The Fed's minutes from the July meeting released on Wednesday showed that the central bank wasn't ready to commit to additional rate cuts, causing Treasury yields to climb again. Yields continued to rise Thursday as several regional Fed Presidents said they did not support further rate cuts. On Friday, Treasury yields dropped significantly as China's finance ministry said it would impose tariffs on \$75 billion of U.S. goods and President Trump responded with several harsh tweets toward China, urging U.S. businesses to leave China. The market implied probability of a rate cut at the September 18th meeting remained at 100% this week, but the probability of the Fed cutting the upper bound of interest rates from 2.25 all the way down to 1.75 decreased from 33% to 17%. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: July Prelim. Durable Goods Orders (1.1%, 1.9%); Tuesday: August Conf. Board Consumer Confidence (130.0, 135.7); Wednesday: August 23 MBA Mortgage Applications (n/a, -0.9%); Thursday: 2Q S Annualized GDP QoQ, (2.0%, 2.1%), July Prelim. Wholesale Inventories MoM (n/a, -0.1%), August 24 Initial Jobless Claims (215k, 209k); Friday: July Personal Income (0.3%, 0.4%), July Personal Spending (0.5%, 0.3%), August MNI Chicago PMI (48.0, 44.4), August Final U. of Mich. Sentiment (92.5, 92.1).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	25,628.90(-0.98%)	Strong Sectors:	Utilities, Cons Disc, Real Estate
S&P 500:	2,847.11 (-1.42%)	Weak Sectors:	Materials, Comm Services, Energy
S&P Midcap:	1,873.22 (-1.93%)		
S&P Smallcap:	896.50 (-2.48%)		
NASDAQ Comp:	7,751.77 (-1.80%)	NYSE Advance/Decline:	1,184 / 1,854
Russell 2000:	1,459.49 (-2.27%)	NYSE New Highs/New Lows:	411 / 229
		AAll Bulls/Bears:	26.6% / 39.7%

Equities started last week positive and looked to coast into the weekend until mid-day Friday when China decided to levy additional tariffs on \$75b worth of U.S. goods and President Trump responded with additional US trade threats. This raised the geopolitical and global GDP growth risks which sent the S&P 500 down over 75 points and the Dow Jones Industrial Average tumbling 600 points. Concerns of lackluster global GDP growth have taken over equity markets, the latest affair was a 30-Year German Bund auction with negative interest rates. Despite the global backdrop, U.S. economic reports continue to resilience. Initial jobless claims, continuing jobless claims and home sales all were reported as expected. The Conference Board US Leading Indicator Index beat expectations for July with a 0.5% gain. Meanwhile, June's leading indicator was revised from -0.3% up to -0.1%. Earnings season for 2Q19 wound down with only 22 companies in the S&P 500 Index reporting last week. There were a slew of retail announcements including **The Gap Inc.**, **Nordstrom Inc.**, **Target Inc.**, **Home Depot Inc.**, **Lowe's Inc.**, **L Brands Inc.** and **TJX Companies**. The headliner was **Target Inc.** which soared nearly 24% last week after announcing earnings, same store sales and guidance all beat estimates. Further, Target announced their comparable digital sales grew 34%, bolstering the markets confidence in their digital order future. The only retail name listed above that was down last week was **L Brands Inc.** which owns Victoria's Secret and Bath & Body Works. LB was down over 12% as they announced lingerie revenue was down 'mid-single digits in Q2' and their gross margins decreased significantly. This likely means LB deeply discounted their goods and still couldn't sell them. Looking ahead to next week, tariff news will surely grab headlines and will likely determine the near-term profits in equity markets. This could give those with a longer-term view an entry opportunity into equities if they can stomach the likely near-term volatility.

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