

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.125 (1.0 bps)	GNMA (30 Yr) 6% Coupon:	111-18/32 (2.49%)
6 Mo. T-Bill:	0.152 (1.8 bps)	Duration:	3.70 years
1 Yr. T-Bill:	0.157 (0.8 bps)	Bond Buyer 40 Yield:	3.72 (-2 bps)
2 Yr. T-Note:	0.160 (-0.7 bps)	Crude Oil Futures:	35.49 (2.24)
3 Yr. T-Note:	0.194 (-1.3 bps)	Gold Spot:	1,730.27 (-4.41)
5 Yr. T-Note:	0.304 (-3.0 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	0.653 (-0.6 bps)	U.S. High Yield:	7.35 (-36 bps)
30 Yr. T-Bond:	1.406 (3.6 bps)	BB:	5.29 (-27 bps)
		B:	7.53 (-48 bps)

Treasury yields were mostly flat during the week on a mix of optimistic and pessimistic reports both domestically and around the world. On Tuesday, yields rose as more lockdowns were lifted around the U.S., Japan withdrew its state of emergency for Tokyo and France and Spain announced gradual reopening plans. Yields remained flat on Wednesday as the New York Fed President said the central bank was considering policies that would attempt to keep borrowing costs at fixed levels. Also, on Wednesday, U.S. Secretary of State Mike Pompeo said that Hong Kong "was no longer autonomous from China." On Thursday, China passed a National Security Law that is jeopardizing Hong Kong's autonomy. These increased tensions between the U.S. and China may lead to Hong Kong losing their special trading status with the U.S. Thursday's news on China overshadowed several economic reports that were not as bad as expected. Initial Jobless Claims were 2.12M, however, Continuing Claims were only 21.1M compared to estimates of 25.7M. Yields dropped on Friday as President Trump announced that the administration was looking to eliminate policies that give Hong Kong preferential treatment but did not institute sanctions and will not yet withdraw the Phase One trade deal. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: May Final Markit US Manufacturing PMI (40.4, 39.8), April Construction Spending MoM (-0.6%, 0.9%), May ISM Manufacturing (43.5, 41.5); Wednesday: May 29 MBA Mortgage Applications (n/a, 2.7%), May ADP Employment Change (-9000k, -20236k), April Factory Orders (-14.0%, -10.3%), April Final Durable Goods Orders (n/a, -17.2%); Thursday: May 30 Initial Jobless Claims (1800k, 2123k); Friday: May Change in Nonfarm Payrolls (-7650k, -20537k), May Unemployment Rate (19.5%, 14.7%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	25,383.11 (+3.85%)	Strong Sectors:	Real Estate, Utilities, Financials
S&P 500:	3,044.31 (+3.04%)	Weak Sectors:	Energy, Comm Services, Info Tech
S&P Midcap:	1,763.95 (+4.09%)	NYSE Advance/Decline:	2,496 / 546
S&P Smallcap:	803.11 (+3.62%)	NYSE New Highs/New Lows:	82 / 23
NASDAQ Comp:	9,489.87 (+1.79%)	AAll Bulls/Bears:	33.1% / 42.1%
Russell 2000:	1,394.04 (+2.87%)		

Equities moved higher for the week as economic activity starts to improve, and more states and businesses continue to reopen. The largest gains were posted by some of the past laggards as the rebound has rotated to the areas of the market that have been hit hardest, including small-caps, cyclicals and value stocks. The economy is starting to show some green shoots with durable goods orders falling less-than-expected and new home sales handily beating expectations. In addition, personal income rose by 10.5% as measures by the federal government have helped buoy the consumer through the current crisis. Corporate news included several discretionary stocks reporting results and updates from bellwethers at virtual conferences. **Toll Brothers Inc.** reported a 13% year-over-year gain in deposits for new homes in May, which tends to be a gauge of future demand. Shares of **Workday Inc.**, which sells software in the cloud to help large corporations with their human capital management, gained over 7% following earnings as business activity has increased markedly versus four weeks ago and backlog remained strong. Jamie Dimon, CEO of **JPMorgan Chase & Co.**, sent banks surging after commenting that "you could see a fairly rapid recovery". Looking ahead, the path of reopening different states, and tensions between China and the U.S. will be closely watched by investors. Next week's unemployment report will also be closely observed, which is predicted to show a 19.6% jobless rate. The rally in stocks, which has baffled many, could continue as markets tend to start to ratchet higher after data starts to bottom.

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