

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.125 (-1.2 bps)	GNMA (30 Yr) 6% Coupon:	110-24/32 (2.70%)
6 Mo. T-Bill:	0.145 (-0.5 bps)	Duration:	3.66 years
1 Yr. T-Bill:	0.137 (-0.8 bps)	Bond Buyer 40 Yield:	3.60 (-3 bps)
2 Yr. T-Note:	0.153 (unch.)	Crude Oil Futures:	40.55 (-0.10)
3 Yr. T-Note:	0.185 (0.4 bps)	Gold Spot:	1,798.70 (22.75)
5 Yr. T-Note:	0.306 (1.0 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	0.645 (-2.5 bps)	U.S. High Yield:	6.76 (-5 bps)
30 Yr. T-Bond:	1.336 (-9.1 bps)	BB:	5.06 (-5 bps)
		B:	7.00 (-4 bps)

Treasury yields dropped slightly last week as investors sought safe-haven government bonds in response to a rise in coronavirus cases. New coronavirus cases recorded their highest single-day increase last week, rising by more than 63,000 on Thursday, and the total number of U.S. cases topped 3 million. The rise in cases contributed to the drop in yields on concerns that it would inhibit states' plans to reopen their economies. Initial jobless claims in the week ending July 4 were 1.314 million, which slightly beat expectations and was lower than the previous week's total. Continued claims also fell, dropping by about 700 thousand from the previous week's total, which was revised lower, to 18.062 million in the week ending June 27. It was the 14th consecutive week of declining initial jobless claims and the 5th consecutive week of declining continued claims, suggesting the labor market is recovering but still badly damaged. Meanwhile, on Friday, President Trump indicated in comments that a phase-two trade deal with China is unlikely at this point. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: June CPI MoM (0.5%, -0.1%); Wednesday: July 10 MBA Mortgage Applications (N/A, 2.2%), June Industrial Production MoM (4.3%, 1.4%), July Empire Manufacturing (8.2, -0.2); Thursday: July 11 Initial Jobless Claims (1,250k, 1,314k), June Retail Sales Advance MoM (5.0%, 17.7%); Friday: July Preliminary U. of Mich. Sentiment (79.1, 78.1), June Housing Starts (1,175k, 974k).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	26,075.30 (0.98%)	Strong Sectors:	Cons Disc, Comm Serv, Info Tech
S&P 500:	3,185.04 (1.79%)	Weak Sectors:	Energy, Real Estate, Industrials
S&P Midcap:	1,772.98 (-0.32%)	NYSE Advance/Decline:	1,449 / 1,616
S&P Smallcap:	817.37 (-0.77%)	NYSE New Highs/New Lows:	198 / 33
NASDAQ Comp:	10,617.44 (4.02%)	AAll Bulls/Bears:	27.2% / 42.7%
Russell 2000:	1,422.68 (-0.63%)		

Despite documented Covid-19 cases hitting new records, equities continued to power higher, led by technology shares and positive trial results for a virus treatment. Investors continued to favor megacap growth stocks as a safety trade with some states reversing course on reopening. The top-five names in the S&P 500 now account for nearly 23% of the benchmark weight. Growth stocks outperformed value for the first four days of the week but lagged on Friday as **Gilead Science Inc.** reported that its Remdesivir treatment reduces virus deaths by 62%. The S&P 500 Growth Index still outperformed the S&P 500 Value Index by 3% for the week. However, further treatments and ultimately a vaccine will allow the economy to reopen more fully, which will likely provide a larger benefit to cyclical and value stocks. In stock news, **Walgreens Boots Alliance** fell after the drugstore announced a loss and plans to reduce headcount by 4,000 in the U.K. due to reduced traffic. **Bed Bath & Beyond Inc.** shares slumped after the home-goods retailer announced it would close 200 of its stores permanently. By contrast, **Amazon.com Inc.**, **Netflix Inc.** and **Tesla Inc.** hit all-time highs on Friday. Looking ahead, earnings season is set to unofficially kick-off on Tuesday with **JP Morgan Chase Inc.**, **Wells Fargo & Co.** and **Citigroup Inc.** reporting results. With most firms removing future guidance and expectations for S&P 500 earnings to fall by 44%, individual stock swings are likely to be higher than average in the coming weeks.

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