

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.104 (-2.1 bps)	GNMA (30 Yr) 6% Coupon:	110-27/32 (2.67%)
6 Mo. T-Bill:	0.124 (-2.0 bps)	Duration:	3.58 years
1 Yr. T-Bill:	0.137 (unch.)	Bond Buyer 40 Yield:	3.57 (-3 bps)
2 Yr. T-Note:	0.145 (-0.8 bps)	Crude Oil Futures:	40.59 (0.04)
3 Yr. T-Note:	0.175 (-1.0 bps)	Gold Spot:	1,810.42 (11.72)
5 Yr. T-Note:	0.283 (-2.2 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	0.627 (-1.8 bps)	U.S. High Yield:	6.47 (-29 bps)
30 Yr. T-Bond:	1.329 (-0.7 bps)	BB:	4.82 (-24 bps)
		B:	6.68 (-32 bps)

Last week witnessed new record low yields – in mortgages. According to Freddie Mac, the average rate on a 30-year fixed mortgage fell to 2.98% as mortgage rates continue to plumb new lows amid expansive Federal Reserve policy. Concurrently, next week's existing home sales report is expected to climb but remains substantially off its pre-COVID pace. Treasury's traded in a relatively narrow band last week amid light volumes and prices sagged into the weekend. Last week's economic news highlights included US consumer prices popping up the most since 2012, with gas prices accounting for over half of the 0.6% month-over-month gain. If the COVID plagued second quarter of 2020 has felt miserable; Wednesday's Industrial Production report corroborated the feeling reporting Q2 down at a 42.6% annualized rate! Importantly, the report showed a 5.4% increase in June and an increase in capacity utilization. Thursday's June retail sales report saw a 7.5% lift led by a surge in clothing & accessory stores, autos, and restaurants & bars. This follows May's 18.2% gain. Wrapping up last week's economic news was June housing starts which recorded a 17.3% rise. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Wednesday: July 17 MBA Mortgage Applications (N/A, 5.1%) and June Existing Home Sales (4.8M, 3.91M); Thursday: July 18 Initial Jobless Claims (1,280k, 1,300k) and June Leading Index (2.1%, 2.8%); Friday: July Preliminary Markit US Manufacturing PMI (51.9, 49.8) and June New Home Sales (700K, 676K).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	26,671.95 (2.32%)	Strong Sectors:	Industrials, Materials, Health Care
S&P 500:	3,224.73 (1.27%)	Weak Sectors:	Consumer Discretionary, Info Tech, Comm Services
S&P Midcap:	1,836.55 (3.61%)		
S&P Smallcap:	847.18 (3.67%)		
NASDAQ Comp:	10,503.19 (-1.08%)	NYSE Advance/Decline:	2,180 / 894
Russell 2000:	1,473.32 (3.57%)	NYSE New Highs/New Lows:	215 / 22
		AAll Bulls/Bears:	30.8/ 45.4%

Stocks rose for a third straight week as the S&P 500 gained 1.27% after the first wave of corporate earnings were reported. Cautious optimism surrounds earnings season as companies try to look beyond the effects of the shutdown and into the future. The market responded in step on a sector basis with Industrials and Materials stocks leading the S&P 500 last week and Consumer Discretionary and Information Technology holdings waded into negative territory. **Netflix** reported less than stellar results on Friday and gave disappointing guidance to user growth for the third quarter. The tech giant had been trending higher into earnings season and analysts did not waiver in their optimism while raising price targets on the shares despite company guidance. States around the country have also begun to lay out their plans for various stages of reopening. On Friday, California ordered its hardest hit counties to only offer online learning with no option for an on-campus instruction. This move comes after Governor Gavin Newsom ordered a reversal of opening restaurants, bars, gyms, and hair salons earlier this month. On the relief front, Treasury Secretary Steven Mnuchin told the House Small Business Committee the government should consider forgiving small business loans under the Paycheck Protection Program (PPP), although he did not specify which business would qualify for loan forgiveness. The PPP has approved over 4.9 million loans totaling \$518.1 billion dollars. Earnings will be in focus next week as well as 88 companies in the S&P 500 are set to report quarterly results.

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