

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.104 (unch.)	GNMA (30 Yr) 6% Coupon:	110-24/32 (2.70%)
6 Mo. T-Bill:	0.124 (unch.)	Duration:	3.58 years
1 Yr. T-Bill:	0.132 (-0.5 bps)	Bond Buyer 40 Yield:	3.54 (-3 bps)
2 Yr. T-Note:	0.147 (0.2 bps)	Crude Oil Futures:	41.29 (0.70)
3 Yr. T-Note:	0.167 (-0.8 bps)	Gold Spot:	1,902.02 (91.60)
5 Yr. T-Note:	0.276 (-0.8 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	0.589 (-3.8 bps)	U.S. High Yield:	6.15 (-32 bps)
30 Yr. T-Bond:	1.229 (-10.0 bps)	BB:	4.52 (-27 bps)
		B:	6.39 (-36 bps)

Treasury yields dropped over the course of the week on increased geopolitical tensions between the United States and China, along with disappointing economic data. Yields started the week higher as positive trial results showed that progress is being made toward a vaccine, and on expectations of stimulus packages in the U.S. and EU. However, the U.S. State Department told China to close its Houston consulate on Wednesday in an attempt to protect American intellectual property and private information. China's Foreign Ministry spokesperson pledged retaliation if this path was continued saying that this was unprecedented escalation. On Thursday, the U.S. Secretary of State called on foreign governments to join the U.S. in confronting China, and China then ordered the U.S. to close its consulate in Chengdu. These geopolitical tensions caused yields to fall as investors began to seek the perceived safety of Treasuries. On Thursday, initial jobless claims rose by 109,000 to 1.416 million, suggesting that the economic recovery has slowed with the recent increase in Coronavirus cases and corresponding social distancing measures. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: June Prelim. Durable Goods Orders (7.2%, 15.7%); Tuesday: July Conf. Board Consumer Confidence (94.5, 98.1); Wednesday: July 24 MBA Mortgage Applications (n/a, 4.1%), June Prelim. Wholesale Inventories MoM (n/a, -1.2%), July 29 FOMC Rate Decisions Upper Bound (0.25%); Thursday: 2Q GDP Annualized QoQ (-35%, -5%), July 25 Initial Jobless Claims (1410k, 1416k); Friday: June Personal Income (-0.7%, -4.2%), June Personal Spending (5.3%, 8.2%), July MNI Chicago PMI (44.5, 36.6), July Final U. of Michigan Sentiment (72.8, 73.2).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	26,469.89 (-0.74%)	Strong Sectors:	Energy, Cons Discretionary, Financials
S&P 500:	3,215.63 (-0.27%)	Weak Sectors:	Information Technology, Comm Services, Health Care
S&P Midcap:	1,849.94 (0.73%)	NYSE Advance/Decline:	1,805 / 1,254
S&P Smallcap:	851.59 (0.53%)	NYSE New Highs/New Lows:	240 / 20
NASDAQ Comp:	10,363.18 (-1.33%)	AAII Bulls/Bears:	26.1% / 46.8%
Russell 2000:	1,467.56 (-0.38%)		

The S&P 500 Index declined 27 basis points last week after three straight weeks of gains. The index is currently up 3.82% in July which has helped push it back into positive territory for 2020 after the February-March steep market decline. Equities were up early in the week, but reversed course on Thursday with information technology, consumer discretionary, and communication services being the hardest hit sectors. Negative jobs data, along with increasing COVID-19 cases causing a decline in consumer spending in parts of the country, raised concerns over the economic rebound potentially stalling. U.S. initial jobless claims of 1.42 million were higher than the consensus estimate of 1.3 million and the previous week's claims of 1.3 million. This was the first increase in jobless claims since the high of 6.87 million on March 27, breaking a 15-week stretch of declines. Crude oil closed at \$41.29 per barrel on Friday, increasing 1.72% for the week. **FirstEnergy Corp**, a public utility holding company, was the worst performing stock in the S&P 500 Index, returning -30.04%. The stock was trampled after reports of an investigation into the company's possible involvement in a \$60 million bribery scheme that led to the arrests of five individuals, including the Ohio House Speaker. **Intel Corp**, a computer chip manufacturer, returned -15.68% last week. The company had a positive earnings announcement Thursday night beating expectations but delivered negative news about their future 7-nanometer chips being delayed approximately six months over manufacturing issues. This not only caused the stock to tank on Friday, but also helped drive up its rival, **Advanced Micro Devices Inc.**, 16.50% on Friday as the semiconductor company already markets 7-nanometer chips. The stock climbed 26.09% last week, claiming the best performance in the S&P 500 Index. Homebuilders **PulteGroup Inc.** and **NVR Inc.** returned 14.26% and 13.99% respectively as the companies announced increases in second quarter orders. US new homes sales increased to a 776K annualized rate, the highest since July 2007. Earnings announcements expected this week include **Apple Inc.**, **Amazon.com Inc.**, **Alphabet Inc.**, **Facebook Inc.**, **Visa Inc.**, **Pfizer Inc.**, **PayPal Holdings Inc.**, **Advanced Micro Devices Inc.**, and many others.

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.