

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.137 (unch)	GNMA (30 Yr) 6% Coupon:	110-25/32 (2.70%)
6 Mo. T-Bill:	0.150 (-0.7 bps)	Duration:	3.69 years
1 Yr. T-Bill:	0.145 (-0.8 bps)	Bond Buyer 40 Yield:	3.63 (0 bps)
2 Yr. T-Note:	0.153 (-1.3 bps)	Crude Oil Futures:	40.65 (+2.16)
3 Yr. T-Note:	0.181 (-0.3 bps)	Gold Spot:	1,772.05 (+0.76)
5 Yr. T-Note:	0.296 (-0.6 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	0.669 (2.8 bps)	U.S. High Yield:	6.81 (-16 bps)
30 Yr. T-Bond:	1.427 (5.7 bps)	BB:	5.11 (-5 bps)
		B:	7.04 (-12 bps)

U.S. Treasury bond yields chopped around for much of the holiday-shortened week. The week wrapped up with short-term U.S. Treasury bond yields lower while the longer-dated U.S. Treasury bond yields held on to gains. Treasury bond yields jumped on Wednesday after Federal Reserve meeting minutes exhibited Fed officials discussing yield curve control as well as an agreement amongst the Fed officials that the Federal Reserve should provide more clarity on monetary policy. Treasury bond yields initially popped on Thursday after the strong jobs report in the morning. Nonfarm payrolls rose by 4.80 million in June, well above the consensus estimate of a 3.23 million gain. The unemployment rate dropped 2.2% during the month of June to 11.1%. Treasury bond yields pared some of Thursday morning's gains as economic recovery doubts stoked bond buying going into the long weekend. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: June Final Markit US Services PMI (47.0, 46.7), June Final Markit US Composite PMI (n/a, 46.8), June ISM Non-Manufacturing Index (50.0, 45.4); Wednesday: July 3 MBA Mortgage Applications (n/a, -1.8%); Thursday: July 4 Initial Jobless Claims (n/a, 1427k), June 27 Continuing Claims (n/a, 19290k), May Final Wholesales Inventories MoM (-1.2%, -1.2%); Friday: June PPI Final Demand MoM (0.4%, 0.4%), June PPI Final Demand YoY (-0.2%, -0.8%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	25,827.36 (3.29%)	Strong Sectors:	Real Estate, Comm Services, Materials
S&P 500:	3,130.01 (4.07%)	Weak Sectors:	Financials, Energy, Consumer Staples
S&P Midcap:	1,778.95 (3.53%)	NYSE Advance/Decline:	2411 / 637
S&P Smallcap:	823.95 (4.53%)	NYSE New Highs/New Lows:	145 / 20
NASDAQ Comp:	10,207.63 (4.64%)	AAII Bulls/Bears:	22.2% / 45.9%
Russell 2000:	1,431.86 (3.90%)		

The S&P 500 index moved higher on economic optimism to end the holiday shortened week up over 4%. The index came off session highs in late trading on Thursday based on fears that a second coronavirus wave could slow down the recovery. The selloff was offset by a good jobs number that was released earlier in the day. The story of a bifurcated outlook has been a running theme in the market since the beginning of the shutdown. Despite the constant push and pull of market forces, small and mid cap companies have outperformed their large cap peers during the second quarter with the Russell 2000 returning 25% and the S&P 400 MidCap returning 23.5%, while the S&P 500 returned just under 20%. On Wednesday, **Pfizer** was the latest company to show results of a COVID-19 vaccine. The early trial prompted patients to produce antibodies in defense of the virus. The race to produce a vaccine has many players including **AstraZeneca** and **Moderna** as well as dozens of smaller biopharmaceutical companies and universities including Oxford. New coronavirus cases continued to rise last week with the highest daily case growth since May 9th recorded on Thursday. The record growth is a result of increased testing at the same time states begin to reopen their economies. This has prompted hot-spot states such as Texas, Florida, and California to reexamine their reopening procedures and institute new rules and mandates to combat rising cases. Some states such as Pennsylvania and Texas have followed the lead of other states mandating masks after remarks made last week by Vice President Pence and proceeded by President Trump advocating the use of masks in various situations. Looking ahead to next week, investors will look at a light economic calendar with initial jobless claims coming out on Thursday.

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