

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.150 (0.3 bps)	GNMA (30 Yr) 6% Coupon:	109-30/32 (2.94%)
6 Mo. T-Bill:	0.178 (unch.)	Duration:	3.66 years
1 Yr. T-Bill:	0.175 (1.5 bps)	Bond Buyer 40 Yield:	3.64 (-5 bps)
2 Yr. T-Note:	0.193 (-1.3 bps)	Crude Oil Futures:	36.26 (-3.29)
3 Yr. T-Note:	0.224 (-5.9 bps)	Gold Spot:	1,730.75 (45.69)
5 Yr. T-Note:	0.328 (-13.5 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	0.703 (-19.2 bps)	U.S. High Yield:	6.90 (43 bps)
30 Yr. T-Bond:	1.457 (-20.9 bps)	BB:	5.16 (38 bps)
		B:	7.02 (45 bps)

U.S. Treasury bond yields dropped across the yield curve last week as investors digested a slew of economic data and news. The week started with positive virus-related investor sentiment raising the long end of the yield curve on news of the start of the largest vaccination study. On Wednesday, Treasury yields were mixed across the curve as the Federal Reserve reiterated the benchmark interest rate of 0.00% to 0.25% and their continued assurance to do whatever is necessary to support the economy. Treasury yields took a downward turn on Thursday as investors preferred haven assets after the jarring second quarter U.S. GDP numbers. Second quarter GDP growth came in at -32.9%, which beat the consensus expected drop of 34.5%. Though the GDP decline was less than expected, the large decline led investors to purchase Treasury bonds, and drove the U.S. 10-Year Treasury yield to its lowest since March. The week ended with Treasury yields continuing to decline, including the U.S. 2-Year Treasury yield pushing down near all-time lows. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: July Final ISM US Manufacturing PMI (51.3, 51.3), July ISM Manufacturing (53.6, 52.6), July ISM Prices Paid (52.0, 51.3), June Construction Spending MoM (1.0%, -2.1%); Tuesday: June Factory Orders (5.0%, 8.0%), June Final Durable Goods Orders (7.3%, 7.3%); Wednesday: July 31 MBA Mortgage Applications (n/a, -0.8%), July ADP Employment Change (1200k, 2369k), June Trade Balance (-\$50.1b -\$53.6b), July final Markit US Services PMI (49.6, 49.6), July final Markit US Composite PMI (n/a, 50.0), July ISM Services Index (55.0, 57.1); Thursday: August 1 Initial Jobless Claims (1414k, 1434k), July 25 Continuing Claims (17000k, 17018k); Friday: July Change in Nonfarm Payrolls (1520k, 4800k), Change in Manufacturing Payrolls (300k, 356k), July Unemployment Rate (10.5%, 11.1%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	26,428.32 (-0.15%)	Strong Sectors:	Info Tech., Real Estate,
S&P 500:	3,271.12 (1.75%)		Cons. Discretionary
S&P Midcap:	1,863.91 (0.78%)	Weak Sectors:	Financials, Materials,
S&P Smallcap:	865.38 (1.63%)		Energy
NASDAQ Comp:	10,745.27 (3.70%)	NYSE Advance/Decline:	1,753 / 1,322
Russell 2000:	1,480.43 (0.89%)	NYSE New Highs/New Lows:	257 / 31
		AAll Bulls/Bears:	20.2% / 48.5%

Last week, equities were positive as mega-cap technology stocks led the way with a slew of strong quarterly earnings announcements. The S&P 500 index rallied 1.5% while the Nasdaq Composite index was up 3.5%. **Apple Inc.** managed to beat sell side revenue estimates by over \$7.4b coming in at \$59.7b compared to \$52.3b estimated, pushing the stock 14.7% higher last week. **Amazon.com Inc.** also beat sell side estimates by \$7.7b after announcing 2Q revenue of \$88.9b compared to an estimated \$81.2b as the stock rallied 5.1% last week. To put those two revenue beats in perspective only 79 different stocks in the S&P 500 index have \$7b in total quarterly revenue. Apple management issued strong guidance for next quarter as demand continues to grow for iPad, Mac, iPhone, iWatch, and services segments. Amazon continued to experience higher demand for Prime as user growth strengthened and customer churn was lower than expected. Amazon managed to increase grocery delivery capacity by 160% in 2Q and hire 175,000 people. **Facebook Inc.** was up 9.9% last week after total revenue, ad revenue, earnings and monthly active users all beat estimates. The embattled social media giant managed to have a strong quarter despite many threats to advertising cuts from businesses who don't like Facebook's censoring policies. **Alphabet Inc.**, the parent company of Google, was down nearly 2% last week after announcing revenue and earnings that were mostly in line with expectations. YouTube, search, cloud and advertising all met analyst expectations but didn't beat them by enough for the stock to rally like other mega-cap technology names. This was all during a week where the CEO of each of these companies testified in front of the U.S. Congress about potential anti-trust issues with their varying businesses. Looking ahead to next week, Bloomberg expects 133 names in the S&P 500 index to announce quarterly results. As earnings season continues, equity markets look to learn more about how much COVID shutdowns are harming U.S. companies.

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