

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.041 (-0.3 bps)	GNMA (30 Yr) 6% Coupon:	110-15 <sup>3/4</sup> /32 (2.90%)
6 Mo. T-Bill:	0.046 (unch)	Duration:	3.87 years
1 Yr. T-Bill:	0.063 (-0.3 bps)	Bond Buyer 40 Yield:	3.37 (unch)
2 Yr. T-Note:	0.184 (-1.4 bps)	Crude Oil Futures:	73.95 (+1.88)
3 Yr. T-Note:	0.338 (-3.5 bps)	Gold Spot:	1,814.19 (+12.04)
5 Yr. T-Note:	0.690 (-2.1 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.222 (-5.4 bps)	U.S. High Yield:	4.68 (8 bps)
30 Yr. T-Bond:	1.892 (-2.3 bps)	BB:	3.65 (4 bps)
		B:	5.25 (7 bps)

Treasury yields dropped slightly over the course of the week as the Federal Reserve met and kept the target range for the fed-funds rate between 0 and 0.25%. Investors expected the central bank to keep rates unchanged and asset purchases at \$120 billion monthly. Fed officials said that they would continue to access in coming meetings whether the economy had progressed enough for tapering of future bond purchases. Fed Chairman Jerome Powell said that they still have not agreed on timing of raising interest rates but that it was still a ways off. He also said that the recent high inflation readings were tied to the sectors of the economy that reflect reopening and the price pressures do not appear to be spreading to other parts of the economy. Consumer confidence rose to a 16-month high, which is the highest since the beginning of the pandemic, beating analyst expectations. However, 2<sup>nd</sup> Quarter GDP was significantly lower than expectations, growing at a rate of 6.5% compared to an expert consensus rate of 8.4%. Initial Jobless claims fell to 400k, but still were slightly ahead of analyst expectations of 385k. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: July Final Markit US Manufacturing PMI (63.1, 63.1), June Construction Spending MoM (0.4%, -0.3%), July ISM Manufacturing (60.8, 60.6); Tuesday: July Factory Orders (1.0%, 1.7%), June Final Durable Goods Orders (n/a, 0.8%); Wednesday: July 30 MBA Mortgage Applications (n/a, 5.7%), July ADP Employment Change (650k, 692k); Thursday: June Trade Balance (-\$74.0b, -\$71.2b), July 31 Initial Jobless Claims (380k, 400k); Friday: July Change in Nonfarm Payrolls (858k, 850k), July Unemployment Rate (5.7%, 5.9%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	34,935.47 (-0.36%)	Strong Sectors:	Materials, Energy, Financials
S&P 500:	4,395.26 (-0.35%)	Weak Sectors:	Comm. Services, Info. Tech., Cons. Discretionary
S&P Midcap:	2,703.67 (1.18%)	NYSE Advance/Decline:	2,026 / 1,469
S&P Smallcap:	1,341.28 (1.73%)	NYSE New Highs/New Lows:	397 / 136
NASDAQ Comp:	14,672.68 (-1.10%)	AAII Bulls/Bears:	36.2% / 24.1%
Russell 2000:	2,226.25 (0.76%)		

The S&P 500 index once again closed at an all-time high on Monday last week. However, the equity index fell the rest of the week to close with a return of -0.35%. Some disappointing earnings announcements in Tech+ names and increasing concerns about the Delta variant of COVID pushed down equities to close last week. Earnings season was in full swing as 48% of the weight in the S&P 500 announced quarterly results, including the five largest names. **Apple Inc.** announced revenues of \$81.4b compared to analyst estimates of \$73.8b and generated over \$19b in free cash flow last quarter. They credited their iPhone sales as many people refreshed their phones to take advantage of new 5G technology. **Microsoft Corp.** announced earnings and revenue ahead of analyst estimates for 2Q. Their cloud computing platform, Azure, had robust revenue growth of 51%. However, the company warned the Azure growth is going to be 'relatively stable' moving forward. **Amazon.com Inc.** announced earnings ahead of estimates, but 2Q revenue below analyst estimates. Further, they announced weaker revenue guidance for 3Q as they warned about a trend of their vaccinated customers returning to traditional retail for some of their purchasing needs. The cloud computing platform, AWS, continued to have strong performing results with \$14.8b in sales besting analyst estimates. **Facebook Inc.** also announced earnings and revenue ahead of sell-side estimates. However, they announced monthly active users for 2Q was 2.9b, which was only 7.3% user growth continuing a decelerating growth trend which weighed on their shares. **Alphabet Inc.**, the parent of google.com, released earnings and revenue ahead of analyst estimates. YouTube ad revenue topped \$7b for the first time and their cloud revenue came in over \$4.6b both besting expectations. They credited their investment in AI & cloud computing for helping drive improvements in their operations. Looking ahead to next week, COVID concerns and more earnings announcements are likely to drive equity market results. Health care names will grab the headlines as **Eli Lilly & Co.**, **Moderna Inc.**, **Amgen Inc.**, **CVS Health Corp.** and **Zoetis Inc.** are all expected to announce quarterly results.

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