

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	5.397 (-1.2 bps)	Bond Buyer 40 Yield:	4.60 (16 bps)
6 Mo. T-Bill:	5.448 (-2.0 bps)	Crude Oil Futures:	82.82 (2.24)
1 Yr. T-Bill:	5.287 (-7.5 bps)	Gold Spot:	1,942.91 (-16.58)
2 Yr. T-Note:	4.764 (-11.0 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.447 (-6.9 bps)	US High Yield:	8.60 (14 bps)
5 Yr. T-Note:	4.134 (-4.4 bps)	BB:	7.20 (14 bps)
10 Yr. T-Note:	4.034 (8.3 bps)	B:	8.80 (14 bps)
30 Yr. T-Bond:	4.201 (19.0 bps)		

Longer-term Treasuries sold off last week, and yields climbed on a looming increase in the Treasury's debt supply and a downgrade of the nation's credit rating from Fitch Ratings. Fitch downgraded the US's credit rating due to the nation's rising deficits, high debt levels, and an "erosion of governance." Meanwhile, the Treasury also announced last week that it increased its third-quarter borrowing estimate, increasing debt issuance to fund the widening deficit. Economic data released last week showed the ISM Manufacturing Index missed expectations, contracting in July for the ninth straight month. Services also missed expectations in July but expanded, albeit slower than in June, continuing the dichotomy between manufacturing and services. The US economy added 187,000 jobs in July, which was below expectations but a slight uptick from June's revised gain, although monthly job gains have been slowing gradually. The unemployment rate dropped from 3.6% to 3.5%, beating expectations. Average hourly earnings grew 4.4% from a year ago, outpacing inflation. Wage growth is slowing, however, as the supply and demand for labor are more balanced from earlier in the post-pandemic recovery. July's Consumer Price Index reading will be released on Thursday this week and is expected to be higher than June's year-over-year increase. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: June Trade Balance (-\$65.0b, -\$69.0b); Wednesday: August 4 MBA Mortgage Applications (N/A, -3.0%); Thursday: August 5 Initial Jobless Claims (230k, 227k), July CPI MoM (0.2%, 0.2%), July CPI YoY (3.3%, 3.0%); Friday: August Preliminary U. of Mich. Sentiment (71.7, 71.6), July PPI Final Demand MoM (0.2%, 0.1%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	35,065.62 (-1.11%)	Strong Sectors:	Energy, Cons. Discretionary, Financials
S&P 500:	4,478.03 (-2.26%)	Weak Sectors:	Comm. Services, Utilities, Info. Tech.
S&P Midcap:	2,681.58 (-1.28%)	NYSE Advance/Decline:	1,140 / 1,940
S&P Smallcap:	1,259.51 (-0.88%)	NYSE New Highs/New Lows:	308 / 75
NASDAQ Comp:	13,909.24 (-2.84%)	AAll Bulls/Bears:	49.0% / 21.3%
Russell 2000:	1,957.46 (-1.19%)		

The S&P 500 index returned -2.3% last week, ending a three-week winning streak for the index. Earnings season was in full tilt last week as 169 names in the S&P 500 announced their quarterly results. **Arista Networks Inc.** returned 18.9% last week as the data-center equipment company announced quarterly earnings and revenue that bested expectations. Management credited a strong capex cycle on the back of AI workloads that helped boost quarterly results and led to a boost in guidance for the rest of the year. **Global Payments Inc.** also announced positive quarterly results which buoyed their stock 12.5% last week. The electronic payment processing company announced very positive EPS and revenue results as they gained 200bps of operating margins on strength in their merchant solutions business. On Friday, **Amazon.com Inc.** rallied 8.3% after announcing quarterly results that bested street estimates. The top headline from their print was AWS growth had stabilized (+12%Y/Y) along with a quote that they have been seeing their AWS customers shift from cost optimization to new workload deployment. **Apple Inc.** announced quarterly results that were weaker than expectations and their shares returned -7.1% last week. The drawdown was based on weak device revenue, but strong services revenue did help cushion the blow. All told, business is still strong for the world's largest company as shares are up 40.5% YTD. Home and commercial electric generator manufacturer **Generac Holdings Inc.** tumbled -23.0% last week after they announced lower sales and guided for lower margins and earnings based on their expectations of weaker residential sales. Looking ahead to next week, earnings season is winding down as only 34 names in the S&P 500 index are expected to report quarterly results. Among those names are some notable mega cap names **Walt Disney Co., Eli Lilly & Co., United Parcel Service** and **Berkshire Hathaway**. The notable economic news to be released is U.S. CPI which is expected to show a slight increase from last month. It would be the first increase since YoY inflation peaked in June of 2022 at 9.1%.

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