

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	5.390 (-0.5 bps)	Bond Buyer 40 Yield:	4.38 (1 bps)
6 Mo. T-Bill:	5.363 (-0.8 bps)	Crude Oil Futures:	80.06 (1.80)
1 Yr. T-Bill:	5.128 (-4.3 bps)	Gold Spot:	2,415.22 (54.72)
2 Yr. T-Note:	4.825 (-4.1 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.610 (-5.9 bps)	US High Yield:	8.00 (-11 bps)
5 Yr. T-Note:	4.445 (-6.8 bps)	BB:	6.64 (-9 bps)
10 Yr. T-Note:	4.420 (-7.7 bps)	B:	7.95 (-7 bps)
30 Yr. T-Bond:	4.559 (-8.0 bps)		

Treasury yields dropped moderately over the course of the week on optimistic inflation reports and other economic data. On Tuesday, despite the higher-than-expected April Personal Price Index report, the Personal Consumption Index, which is the Federal Reserve Bank's preferred inflation metric, dropped to its lowest level in 3 years. On Wednesday, the Consumer Price Index showed an increase of 0.3% month-over-month and 3.4% year-over-year, compared to consensus expectations of 0.4% and 3.4%, respectively, and both were 0.1% lower than the previous month. This led Treasury yields to drop significantly from the beginning of the week through Wednesday as investors shifted back from speculating if there would be a rate cut by the Fed this year, to when there would be a rate cut. Treasury yields did climb back up moderately on Thursday and Friday as comments from Fed officials tempered the optimism for rate cuts. Three regional Fed Presidents argued that it may take longer than desired for inflation to fall to the Fed's 2% target. The market implied probability of an interest rate cut by the September 18th meeting increased from 76% at the beginning of the week to 83% by the end of the week. However, the market implied Federal Funds Rate at the end of 2024 only dropped slightly over the course of the week from 4.915 to 4.890. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Wednesday: May 17 MBA Mortgage Applications (n/a, 0.5%), April Existing Home Sales (4.19m, 4.19m); Thursday: May 18 Initial Jobless Claims (220k, 222k), May Prelim. S&P Global US Manufacturing PMI (49.6, 50.0), April New Home Sales (675k, 693k); April Durable Goods Orders (-0.8%, 2.6%), May Final U. Of Mich. Sentiment (67.8, 67.4).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow [®] :	40,003.59 (1.35%)	Strong Sectors:	Information Technology,
S&P 500 [®] :	5,303.27 (1.60%)		Real Estate, Health Care
S&P MidCap 400 [®] :	3,016.25 (0.79%)	Weak Sectors:	Industrials, Materials,
S&P SmallCap 600 [®] :	1,338.69 (1.13%)		Consumer Discretionary
Nasdaq Composite [®] :	16,685.97 (2.15%)	NYSE Advance/Decline:	1,973 / 916
Russell 2000 [®] :	2,095.72 (1.79%)	NYSE New Highs/New Lows:	464 / 54
		AAll Bulls/Bears:	40.9% / 23.3%

The S&P 500 Index returned 1.60% last week. This marks four straight weeks of gains with the index climbing 6.90% after the three straight weeks of declines in April. A catalyst for last week's rally can be attributed to Wednesday's inflation data release for April 2024 with core CPI, which excludes food and energy, posting the lowest year-over-year reported number since April 2021 and the first month-over-month decline since last October. Decreasing inflation numbers bode well for investors in their hopes that the Federal Reserve will begin their interest rate cuts sooner rather than later and ending higher for longer rate expectations. Equities were pushed higher as the S&P 500 Index went through the 5,300 level, hitting a new all-time closing high of 5,308.15 on Wednesday and the Dow Jones Industrial Average broke through the 40K level for an all-time closing high of 40,003.59 on Friday. U.S. initial jobless claims of 222K last week were higher than the 220K expected, but lower than the previous week's 231K. Biotech company **Moderna Inc.** and medical device company **Insulet Corp** posted the two best performances last week in the S&P 500 Index, returning 13.29% and 12.88% respectively. News outlets reported last week that **Moderna Inc.** had won a patent case in Europe against Pfizer and BioNTech regarding their Covid-19 vaccine and its mRNA technology, while **Insulet Corp** reported beating earnings expectations the week prior. Information technology was the best performing sector in the index last week, buoyed by strong performances from **Super Micro Computer Inc.**, semiconductor stocks **Advanced Micro Devices Inc.**, **Teradyne Inc.**, **Intel Corp**, **QUALCOMM Inc.**, and software names **Gen Digital Inc.**, **Palo Alto Networks Inc.**, and **Fair Isacc Corp**, all gaining over 6.0%. Media stock **Paramount Global** was the worst performing stock in the S&P 500 Index declining 7.89%. The stock declined on Tuesday on reports that Sony is reconsidering their bid for the company. Earnings announcements expected this week include **NVIDIA Corp**, **Intuit Inc.**, **Lowe's Companies Inc.**, **Medtronic PLC**, **The TJX Companies Inc.**, **Analog Devices Inc.**, **Palo Alto Networks Inc.**, **Synopsys Inc.**, **Target Corp**, **AutoZone Inc.**, **Autodesk Inc.**, and many more.

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