

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	5.355 (-0.3 bps)	Bond Buyer 40 Yield:	4.36 (5 bps)
6 Mo. T-Bill:	5.322 (-2.3 bps)	Crude Oil Futures:	81.54 (+0.81)
1 Yr. T-Bill:	5.110 (1.5 bps)	Gold Spot:	2,326.75 (+4.77)
2 Yr. T-Note:	4.753 (2.1 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.550 (8.4 bps)	U.S. High Yield:	8.02 (1 bps)
5 Yr. T-Note:	4.377 (10.3 bps)	BB:	6.61 (1 bps)
10 Yr. T-Note:	4.396 (14.1 bps)	B:	7.84 (0 bps)
30 Yr. T-Bond:	4.558 (16.1 bps)		

Treasury yields had mixed results last week, with shorter-duration finishing lower and longer-duration yields finishing higher. On Wednesday, May new home sales came in weaker than expected and posted the largest monthly decline since 2022. New single-family home sales declined 11.3% in May to a 0.619 million annual rate, lagging the consensus expected 0.633 million. Sales fell in all the major regions and are now down 16.5% from a year ago. Tuesday's durable goods report showed an increase of 0.1% in May (-0.3% including downward revisions to prior months), beating the consensus expected decline of 0.5%. Although orders for durables were up slightly in May they are down 1.5% from a year ago and show a slowing economy. GDP growth in the first quarter came in as expected, revised slightly higher to a 1.4% annual rate from a prior estimate of 1.3%. The upward revision was mainly due to net exports (imports were revised lower), business investment, equipment, and software along with structures, and government purchases. These factors more than offset a downward revision to consumption, mainly in services. On Friday, personal income for May increased by 0.5%, exceeding the consensus expectation of 0.4%. Personal consumption rose by 0.2%, falling short of the expected 0.3%. Over the past year, personal income has risen by 4.6%, while spending has increased by 5.1%. Major economic reports (related consensus forecasts, prior data) for the upcoming shortened holiday week include: Monday: June Final S&P Global Manufacturing PMI (51.7, 51.7), June ISM Manufacturing (49.1, 48.7); Wednesday: June 28th MBA Mortgage Applications (N/A, 0.8%), June ADP Employment Change (158k, 152k), May Trade Balance (-\$76.0b, -\$74.6b), June 29th Initial Jobless Claims (235k, 233k), May Factory Orders (0.3%, 0.7%), June ISM Services Index (52.5, 53.8), May Final Durable Goods Orders (N/A, 0.1%), Friday: June Change in Nonfarm Payrolls (190k, 272k), June Unemployment Rate (4.0%, 4.0%).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow®	39,118.86 (-0.08%)	Strong Sectors:	Energy, Comm Services, Real Estate
S&P 500®	5,460.48 (-0.06%)	Weak Sectors:	Materials, Utilities, Cons Staples
S&P MidCap 400®	2,930.09 (0.00%)	NYSE Advance/Decline:	1,601 / 1,287
S&P SmallCap 600®	1,296.98 (1.21%)	NYSE New Highs/New Lows:	230 / 132
Nasdaq Composite®	17,732.60 (0.26%)	AAll Bulls/Bears:	44.5% / 28.3%
Russell 2000®	2,047.69 (1.33%)		

The S&P 500 ended the second quarter up 4.3% and 15.3% since the beginning of the year. Last week, the index closed slightly lower by 5 basis points after reaching an all-time closing high on June 18. Thursday's Presidential debate outcome moved the market on Friday as President Biden's questionable performance could sway some voters away from the incumbent candidate this November. Renewable energy and cannabis stocks traded lower as a sign of a weakening Biden could lose the office to Trump's second term. Pro-Trump stocks such as private prisons, credit card companies, and health insurance firms rallied on Friday. On Friday, a favorable PCE release, the Fed's favorite measure of inflation, showed a strong consumer and lower inflation. San Francisco Federal Reserve Bank President Mary Daly said the latest data indicates that monetary policy is working to control inflation, but it's too early to set a date for a rate cut. The Fed will most likely need decelerating inflation along with other signs of a slowing economy for a rate decision later in the year. Package handler **FedEx** rose over 15% after delivering strong quarterly results driven by cost cuts. The company also outlined a "value-creation plan" which included a strategic review of its freight business. The freight division's turnaround from laggard to the most profitable division in the company. Analysts speculate that a spinoff of the business is the key to unlocking shareholder value. Former Dow component **Walgreens Boots Alliance** hit a low last week after plunging 24% to a level not observed since 1997. The company cited a worse-than-expected consumer environment as the reason for lowering its profit forecast. Rival **CVS** also traded lower to close out the week down by -3.8%. Looking ahead to the first week of the third quarter, Wednesday's FOMC meeting minutes and more employment data on July 5th are both slated for release around Independence Day.

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