

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	5.332 (-4.3 bps)	Bond Buyer 40 Yield:	4.30 (-5 bps)
6 Mo. T-Bill:	5.179 (-10.1 bps)	Crude Oil Futures:	82.21 (-0.95)
1 Yr. T-Bill:	4.853 (-14.2 bps)	Gold Spot:	2,411.43 (+19.27)
2 Yr. T-Note:	4.451 (-15.2 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.227 (-16.8 bps)	US High Yield:	8.07 (-19 bps)
5 Yr. T-Note:	4.102 (-12.3 bps)	BB:	6.48 (-16 bps)
10 Yr. T-Note:	4.183 (-9.6 bps)	B:	7.75 (-22 bps)
30 Yr. T-Bond:	4.396 (-8.1 bps)		

Treasury yields dropped significantly over the course of the week on softer than expected inflation data and comments from Federal Reserve Bank Chairman Jerome Powell. Yields remained relatively unchanged for the first half of the week despite Jerome Powell speaking to Congress on Tuesday. Powell commented that there are mounting signs of a cooling job market but did not offer a timeline for interest rate cuts. Treasury Secretary Janet Yellen supported Powell's view on the labor market, saying that is not driving inflation as dramatically as earlier in the recovery from the pandemic. Yields then dropped significantly on Thursday as the Consumer Price Index showed an increase of just 3.0% year-over-year, compared to consensus expectations of 3.1%, and a 0.1% decrease month-over-month, compared to an expected 0.1% increase. On Friday, the Producer Price Index was higher than expected but as many of the components that feed into it were made available investors believed it was not as bad as it looked, and yields continued to drop moderately. Overall, the market now believes rate cuts are more certain and possibly more plentiful. The market implied probability of a 25-basis-point cut in the Federal Funds Rate during the September 18th Fed meeting increased from 75% to 95% and the market implied rate at the end of 2024 decreased from 4.82 to 4.70 over the course of the week. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: July Empire Manufacturing (-8.0, -6.0); Tuesday: June Advance Retail Sales MoM (-0.2%, 0.1%); Wednesday: July 12 MBA Mortgage Applications (n/a, -0.2%), June Housing Starts (1300k, 1277k), June Industrial Production MoM (0.3%, 0.9%); Thursday: July 13 Initial Jobless Claims (n/a, 222k), June Leading Index (-0.3%, -0.5%).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow [®] :	40,000.90 (1.61%)	Strong Sectors:	Real Estate, Utilities, Materials
S&P 500 [®] :	5,615.35 (0.89%)	Weak Sectors:	Comm Services, Cons Staples, Cons Discretionary
S&P MidCap 400 [®] :	3,020.71 (4.33%)	NYSE Advance/Decline:	2,359 / 544
S&P SmallCap 600 [®] :	1,350.46 (5.30%)	NYSE New Highs/New Lows:	416 / 116
Nasdaq Composite [®] :	18,398.45 (0.25%)	AAll Bulls/Bears:	49.2% / 21.7%
Russell 2000 [®] :	2,148.27 (6.01%)		

The S&P 500 Index returned 0.89% last week, marking a new all-time closing high on Wednesday of 5,633.91. The index posted a 15.29% gain for the first half of the year and has continued to climb into the third quarter as it is currently up 18.61% year-to-date. The index showed gains throughout the week with the exception of Thursday as lower than expected June inflation data triggered a rotation in the equities market. The index declined 0.87% as information technology, communication services, and consumer discretionary sectors weighed on the index, though smaller sectors real estate, utilities, and materials rallied. Midcap and smallcap stocks also rallied as the S&P 400 and S&P 600 gained 2.45% and 3.32% respectively on the day. The inflation data was welcome news as investors have been watchful for any signs of the economy softening in hopes that the FOMC will begin interest rate cuts soon. Employment data also supported the narrative as U.S. unemployment rate ticked up to 4.1%, higher than expectations and the previous months 4.0%. Unemployment has steadily risen since the 3.4% low posted in January of 2023. However, U.S. initial jobless claims came in at 222K last week which were lower than the 235K expected and the previous week's 238K. Real estate was the best performing sector in the S&P 500 Index last week returning 4.38% with REITs **BXP Inc.** and **SBA Communications Corp** boasting standout performances of 12.37% and 11.53% respectively. Solar technology company **Enphase Energy Inc.** was the best performing stock in the S&P 500 Index last week with a 22.85% return. The stock rallied on the increased expectations of interest rate cuts. Technology company **Corning Inc.** returned 18.68% as multiple analysts raised their price targets on the stock after the company increased their guidance. Earnings announcements expected this week include **UnitedHealth Group Inc.**, **Johnson & Johnson**, **Bank of America Corp**, **Netflix Inc.**, **Abbott Laboratories**, **American Express Company**, **Morgan Stanley**, **The Goldman Sachs Group Inc.**, **Intuitive Surgical Inc.**, **The Charles Schwab Corp**, **Blackstone Inc.**, **The Progressive Corp**, and many more.

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