

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	5.174 (-11.6 bps)	Bond Buyer 40 Yield:	4.23 (-11 bps)
6 Mo. T-Bill:	4.839 (-30.1 bps)	Crude Oil Futures:	73.52 (-3.64)
1 Yr. T-Bill:	4.360 (-43.8 bps)	Gold Spot:	2,443.24 (56.05)
2 Yr. T-Note:	3.880 (-50.3 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.707 (-49.2 bps)	US High Yield:	7.89 (12 bps)
5 Yr. T-Note:	3.617 (-45.8 bps)	BB:	6.48 (9 bps)
10 Yr. T-Note:	3.790 (-40.3 bps)	B:	7.78 (11 bps)
30 Yr. T-Bond:	4.107 (-34.5 bps)		

Treasury yields fell significantly last week on signs of a soft labor market, quickly shifting speculation from when the Fed will cut interest rates to how many. Jobs data released Friday showed that US hiring slowed to 114,000 jobs in July, and the unemployment rate jumped to 4.3% from 4.1%. Both were worse than expected and opened the door for the Fed to cut interest rates at its next meeting in September as it seeks to stem significant labor market cooling, in addition to bringing inflation down. Hiring in May and June was also revised lower. Bond yields fell significantly following the report, and the market now expects at least four rate cuts this year. Fed Chair Jerome Powell had previously said on Wednesday, before Friday's jobs report, that a rate cut could come as soon as the Fed's September meeting due to growing risks facing the labor market. The Fed left rates unchanged at its July meeting last week, as expected. Other jobs data showed continuing claims, or the number of people receiving unemployment benefits, also increased more than expected, continuing a recent trend upward. Additional economic data released last week showed that the ISM Manufacturing Index came in below expectations and fell deeper into contraction in July. Manufacturing has now contracted for 20 of the last 21 months, with July's reading being the lowest since November of last year. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: July ISM Services Index (51.0, 48.8); Tuesday: June Trade Balance (-\$72.5b, -\$75.1b); Wednesday: August 2 MBA Mortgage Applications (N/A, -3.9%); Thursday: August 3 Initial Jobless Claims (242k, 249k).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow [®] :	39,737.26 (-2.10%)	Strong Sectors:	Utilities, Real Estate, Communication Services
S&P 500 [®] :	5,346.56 (-2.05%)	Weak Sectors:	Consumer Discretionary
S&P MidCap 400 [®] :	2,948.01 (-4.11%)		Info Tech, Energy
S&P SmallCap 600 [®] :	1,350.34 (-5.51%)	NYSE Advance/Decline:	950 / 1,945
Nasdaq Composite [®] :	16,776.16 (-3.34%)	NYSE New Highs/New Lows:	591 / 141
Russell 2000 [®] :	2,109.31 (-6.66%)	AAll Bulls/Bears:	44.9% / 25.2%

The S&P 500 Index returned -2.05% last week, marking its third straight week of declines. The index hit its all-time closing high on Tuesday July 16, but has since declined 5.62%, being led down by the information technology and consumer discretionary sectors which both declined over 10.0% during the period. The technology dominant NASDAQ Composite Index has also taken its lumps, declining 10.02% since its all-time closing high on July 10. The heavily watched semiconductor industry posted some of the worst performances last week. While mega-cap **NVIDIA Corp** only declined 5.12%, nine other semiconductor names in the S&P 500 Index declined over 11.50%. These included **QUALCOMM Inc.**, **Applied Materials Inc.**, **Lam Research Corp**, **Micron Technology Inc.**, and **Intel Corp** which posted the worst performance in the S&P 500 Index, returning -31.48%. The company reported disappointing second quarter results Thursday after the close, leading to a 26.06% drop on Friday. Other hard-hit names included travel related companies such as cruise liners **Carnival Corp**, **Norwegian Cruise Line Holdings Ltd**, **Royal Caribbean Cruises Ltd**, and airlines **United Airlines Holdings Inc.**, **Delta Air Lines Inc.**, and **American Airlines Group Inc.**, all declining over 9.0%. Federal Reserve Chairman Jerome Powell left rates unchanged last week but alluded to a potential rate cut in September. While investors have been waiting for the Fed to begin their monetary policy easing, concerns are rising that they may have waited too long as signs of economic weakness have increased. The U.S. unemployment rate ticked up to 4.3% in July, higher than expectations and the previous month's 4.1%, marking the fourth straight month of increases, and July's change in nonfarm payrolls of 114K was significantly lower than the expected 175K. Weakness was also seen in construction spending and manufacturing. U.S. initial jobless claims came in at 249K last week which were higher than the 236K expected and the previous week's 235K. **ResMed Inc.** returned 13.50% last week, posting the best performance in the S&P 500 Index, followed by two other health care names **Dexcom Inc.** and **Labcorp Holdings Inc.** Earnings announcements expected this week include **Eli Lilly & Company**, **Amgen Inc.**, **The Walt Disney Company**, **Caterpillar Inc.**, **Uber Technologies Inc.**, **Gilead Sciences Inc.**, **Duke Energy Corp**, **Airbnb Inc.** and many more.

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