First Trust

Weekly Market Commentary

Week Ended June 19th, 2015

US Economy and Credit Markets			
3 Mo. T-Bill:	0.00 (-01 bps.)	GNMA (30 Yr) 6% Coupon:	114-27/32 (1.34qy %)
6 Mo. T-Bill:	0.05 (-04 bps)	Duration:	3.89 years
1 Yr. T-Bill:	0.22 (-04 bps)	Bond Buyer 40 Yield:	4.44 (-02 bps)
2 Yr. T-Note:	0.62 (-11 bps)	Crude Oil Futures:	59.61 (-.35)
3 Yr. T-Note:	0.99 (-15 bps)	Gold Futures:	1201.50 (+23)
5 Yr. T-Note:	1.57 (-17 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.26 (-13 bps)	U.S. High Yield:	6.66% (-03 bps)
30 Yr. T-Bond:	3.05 (-05 bps)	BB:	5.11% (-03 bps)
		B:	6.84% (-03 bps)

Treasury prices rose last week as growing concerns of Greece defaulting on its debt increased demand for safe-haven assets. Factory production unexpectedly declined on Monday. The ongoing weakness has been primarily due to a strong dollar and a collapse in energy prices. On Tuesday, treasury prices rose for a second consecutive day as a breakdown in talks between Greek officials and International Creditors fueled growing concerns over a potential default by Greece. U.S Housing Starts declined 11.1% to a 1.04 million in May; however, it followed April's 1.17 million pace resulting in the best consecutive month reading since 2007. U.S. government bonds rallied Wednesday as the Federal Reserve showed signs it will take a slow approach to raising interest rates. A pick-up in wage growth, along with solid employment, supported the Fed's case to raise interest rates as soon as September. Treasuries fell on Thursday over concerns that the Federal Reserve's decision to support economic growth by maintaining interest rates low will lead to long-dormant inflation. On Friday, the consumer price index did not meet expectations, signaling inflation may take time to meet the Federal Reserve's goal to raise rates. Major economic reports (and related consensus forecasts) for the upcoming week include: Monday: May Existing Home Sales (5.26M); Tuesday: May Durable Goods Orders (-0.7%), June Markit US Manufacturing PMI (54.1), May New Home Sales (524K); Wednesday: Prior Week MBA Mortgage Applications, First Quarter GDP Annualized (-0.2% QoQ); Thursday: May Personal Income (0.5%), May Personal Spending (0.7%), Prior Week Initial Jobless Claims (273K); June University of Michigan Sentiment (94.6).

US Equities				
Weekly Index Performance:			Market Indicators:	
DJIA:	18,015.95	(+0.66%)	Strong Sectors:	Health Care, Cons Staples, Cons Discretionary
S&P 500:	2,109.99	(+0.78%)		
S&P Midcap:	1,540.83	(+0.66%)	Weak Sectors:	Energy, Financials, Industrials
S&P Smallcap:	736.35	(+1.44%)		
NASDAQ Comp:	5,117.00	(+1.31%)	NYSE Advance/Decline:	1,766/ 1,477
Russell 2000:	1,284.66	(+1.57%)	NYSE New Highs/New Lows:	237/241
			AAII Bulls/Bears:	25.4% / 34.3%

Equity markets ended the week higher after the Federal Reserve indicated that interest-rate increases will be gradual and dependent on improving economic data. Most Fed officials still expect short term rates to rise before year end, but increases are likely to be shallower as Fed officials lowered interest-rate forecasts for 2016 and 2017 by 0.25%. The S&P 500 returned 0.78%, while strong performance in biotech stocks led the Nasdaq Composite to a record close on Thursday, before retreating Friday over Greek concerns. Greece remained the biggest story, next to the Fed announcement, as a potential default on €1.6 billion remains in the forefront of investors' minds. Health care was the best performing sector for the week as **Cigna Corp.** became the latest managed care provider to trade higher on rumors of a takeover offer and **Allergan plc** announced the acquisition of **KYTHERA Biopharmaceuticals, Inc.** for a 40% premium. **FedEX Corp.** declined the most since January after missing top and bottom line expectations due to moderate economic growth and higher-than-expected expenses. **TripAdvisor Inc.** shares jumped after signing a partnership with **Marriott International Inc.**, allowing customers to instantly book hotel rooms through their website. **Gap Inc.** traded higher after the company announced plans to close 175 underperforming stores as the company continues to shift some of its focus from "bricks" to "clicks". KB Home shares surged over 9% on Friday as net orders increased by 33% versus last year. Looking ahead, the risk-on risk-off trade will likely remain until Greece resolves their latest scuffle with creditors. However for investors with longer horizons, stocks remain the best option for long term wealth accumulation as fundamentals continue to improve after a cold winter and a port strike that temporarily slowed the economy.