

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	4.320 (0.8 bps)	Bond Buyer 40 Yield:	4.79 (unch.)
6 Mo. T-Bill:	4.232 (-0.8 bps)	Crude Oil Futures:	61.02 (2.73)
1 Yr. T-Bill:	4.056 (5.4 bps)	Gold Spot:	3,324.98 (84.49)
2 Yr. T-Note:	3.891 (6.7 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.878 (6.9 bps)	U.S. High Yield:	7.94 (-2 bps)
5 Yr. T-Note:	4.001 (8.2 bps)	BB:	6.58 (unch.)
10 Yr. T-Note:	4.378 (7.0 bps)	B:	8.20 (unch.)
30 Yr. T-Bond:	4.834 (4.5 bps)		

The ISM Services Index expanded in April and beat expectations, as economic activity in the US services sector continues to hold up well despite weakness in manufacturing. The employment index contracted for the second month in a row as companies slow hiring. All but one industry reported paying higher prices during the month of April. The US trade deficit widened to a record \$140.5 billion in March as companies rushed to get ahead of tariffs by frontloading orders, led by a surge in pharmaceutical imports. However, the import rush is wearing off as tariffs take effect. China said Friday that shipments of goods to the U.S. dropped 21% in April from last year. In March, shipments were up 9.1% from a year ago. The Fed left interest rates unchanged on Wednesday, as expected, and said the risks of higher unemployment and higher inflation, both sides of its dual mandate, have risen. The Fed also said that economic activity continues to expand at a solid pace, despite swings in the data from higher imports, and the labor market remains strong. The Fed continues to wait and see how U.S. trade policy will impact the economy, avoiding pre-emptive interest rate cuts. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: April CPI MoM (0.3%, -0.1%), April CPI YoY (2.4%, 2.4%); Wednesday: May 9 MBA Mortgage Applications (N/A, 11.0%); Thursday: May 10 Initial Jobless Claims (230k, 228k), April Retail Sales Advance MoM (0.0%, 1.4%), April PPI Final Demand MoM (0.2%, -0.4%), April Industrial Production MoM (0.2%, -0.3%), May Empire Manufacturing (-8.0, -8.1); Friday: May Preliminary U. of Mich. Sentiment (53.1, 52.2), April Housing Starts (1365k, 1324k).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow®	41,249.38 (-0.14%)	Strong Sectors:	Industrials, Cons. Discretionary
S&P 500®	5,659.91 (-0.45%)		Utilities
S&P MidCap 400®	2,946.27 (0.51%)	Weak Sectors:	Cons. Staples, Comm. Services
S&P SmallCap 600®	1,264.32 (0.54%)		Health Care
Nasdaq Composite®	17,928.92 (-0.26%)	NYSE Advance/Decline:	1,646 / 1,174
Russell 2000®	2,023.07 (0.14%)	NYSE New Highs/New Lows:	141 / 110
		AAll Bulls/Bears:	29.4% / 51.5%

The S&P 500 fell 45 basis points last week experiencing mixed results as 5 of the 11 sectors finished the week in the green. Stocks struck a cautious tone last week as negotiations between the US and China were set to begin Saturday with Treasury Secretary Scott Bessent leading negotiations on behalf of the United States. Investors refrained from making riskier bets as negotiations among the world's two largest economies may take several rounds of talks before any commitments come to light. Last week the stock market was led higher by the Industrials sector which returned 1.07%, the best performing stock in the sector was **Rockwell Automation** which shot up 16.22%. The machinery manufacturer posted strong quarterly results and boosted earnings forecasts for the year as cost discipline is expected to boost margins. Analysts also called out healthy order activity which may lead to revenue forecasts being on the conservative side. The worst performing sector last week was the Health Care sector which sank 4.21% and was led lower by **Vertex Pharmaceuticals** which plunged 15.20%. Vertex reported results last Monday that missed analysts' expectations, but the stock also suffered along with the broader biotech and pharmaceutical industries. There was broad based weakness in the Health Care sector after it was announced that Vinay Prasad would be named the director of the Center for Biologics and Research. Prasad's stance on the Covid-19 vaccine and the drug approval process was viewed by the market as more anti-industry than amicable. In addition, the health care space was also hit after President Trump said an announcement regarding cost of medicines and drugs would be coming in the next week. While many Health Care companies fell last week there were a few bright spots, the top performing stock in the S&P 500 overall was **Insulet Corporation**. The medical device company returned 20.88% after posting strong earnings results and boosting full year guidance. Analysts noted the firm's insulin pumps remain in the steep part of the adoption curve leading to optimism momentum can continue and drive the next leg of the firm's growth through scale. Earnings season for the S&P 500 hasn't quite wrapped up yet and this week 11 companies are expected to report results. Notable release include: **Fox Corporation, Simon Property Group, Walmart, Take-Two Interactive Software, and Applied Materials Inc.**

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.