

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	4.333 (unch)	Bond Buyer 40 Yield:	4.95 (unch)
6 Mo. T-Bill:	4.310 (0.9 bps)	Crude Oil Futures:	60.79 (-0.74)
1 Yr. T-Bill:	4.099 (-2.6 bps)	Gold Spot:	3,289.25 (-68.26)
2 Yr. T-Note:	3.897 (-9.4 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.862 (-9.8 bps)	U.S. High Yield:	7.71 (-16 bps)
5 Yr. T-Note:	3.962 (-11.9 bps)	BB:	6.40 (-12 bps)
10 Yr. T-Note:	4.400 (-11.1 bps)	B:	8.00 (-12 bps)
30 Yr. T-Bond:	4.930 (-10.7 bps)		

Treasury yields fell across the board last week, driven by easing inflation data and growing speculation about potential Fed rate cuts. New orders for durable goods dropped 6.3% in April—a sharp decline, but better than the expected 7.8% decrease. The primary driver was a significant pullback in commercial aircraft orders, following a surge in March as airlines rushed purchases ahead of anticipated tariff increases. Real GDP growth for Q1 was revised down to an annual rate of -0.2%, mainly due to a sharp 2.9% drop in overall corporate profits. Profits fell 3.4% when excluding gains or losses from the Federal Reserve. While corporate profits are still up 3.6% from a year ago, that marks the slowest year-over-year growth since 2020. Core GDP was revised down to a 2.5% annual rate, the slowest pace in nearly two years. The slowdown was largely due to weaker consumer spending, which rose just 1.2%—also the softest growth in almost two years. Initial jobless claims rose to 240,000 last week, above the consensus estimate of 230,000, while continuing claims climbed to 1.92 million for the week ending May 17, the highest level since 2021. Personal income rose 0.8% in April, well above the expected 0.3% increase. Much of the gain, however, came from government transfer payments related to the Social Security Fairness Act. Still, private-sector wages and salaries rose 0.5% for the month and are up 4.5% over the past year. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: May Final S&P Global US Manufacturing PMI (52.3, 52.3), May ISM Manufacturing (49.5, 48.7); Tuesday: April Factory Orders (-3.1%, 4.3%), April Final Durable Goods Orders (-6.3%, -6.3%); Wednesday: May 30th MBA Mortgage Applications (N/A, -1.2%), May ADP Employment Change (110k, 62k), May ISM Services Index (52.1, 51.6); Thursday: April Trade Balance (-\$66.5b, -\$140.5b), May 31st Initial Jobless Claims (235k, 240k), May 24th Continuing Claims (1906k, 1919k); Friday: May Change in Nonfarm Payrolls (125k, 177k), May Unemployment Rate (4.2%, 4.2%).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow®	42,270.07 (1.67%)	Strong Sectors:	Real Estate, Information Tech, Communication Services
S&P 500®	5,911.69 (1.90%)	Weak Sectors:	Energy, Materials, Utilities
S&P MidCap 400®	3,001.38 (0.82%)		
S&P SmallCap 600®	1,284.30 (1.39%)		
Nasdaq Composite®	19,113.77 (2.02%)	NYSE Advance/Decline:	1,925 / 896
Russell 2000®	2,066.29 (1.32%)	NYSE New Highs/New Lows:	153 / 59
		AAll Bulls/Bears:	32.9% / 41.9%

Stocks gained almost 2% last week, erasing most of the prior week's losses. For the month of May, the S&P 500 returned over 6%, its best monthly performance since November 2023. On Tuesday, the S&P 500 jumped over 2% after President Trump extended the tariff deadline with the European Union to July 9th. The rest of last week was mostly mixed, as volatility continued to persist in public markets. On Wednesday, the US Court of International Trade unanimously ruled the President wrongfully invoked an emergency law to justify most of the tariffs. Markets have experienced a common trend throughout the first six months of the new administration where a volatility producing headline is softened or reversed over the subsequent days. At a press conference last week, the President was questioned about his negotiating tactic in relation to the market swings. His response was, "It's called negotiation" and added that he internally sets a high tariff number and reduces the levy to get a deal done. Within the index, companies showed positive performance in the face of a turbulent tariff landscape. Beauty retailer **Ulta** rose 16% on Friday after the company increased its earnings forecast which was driven by strong execution and increased market share. The company was the best performing name in the S&P 500 followed by acquisition target **Hologic**, a health care equipment manufacturer, and media company **Warner Brothers Discovery**. Looking ahead to next week, economic releases on durable goods, mortgage applications, jobs, and consumer credit are all set for release.

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.