

US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	4.299 (-5.0 bps)	Bond Buyer 40 Yield:	4.96 (-2 bps)
6 Mo. T-Bill:	4.272 (0.5 bps)	Crude Oil Futures:	74.93 (1.95)
1 Yr. T-Bill:	4.061 (0.3 bps)	Gold Spot:	3,368.39 (-63.95)
2 Yr. T-Note:	3.908 (-4.0 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.861 (-4.2 bps)	U.S. High Yield:	7.59 (-7 bps)
5 Yr. T-Note:	3.961 (-3.9 bps)	BB:	6.26 (-5 bps)
10 Yr. T-Note:	4.375 (-2.4 bps)	B:	7.76 (-10 bps)
30 Yr. T-Bond:	4.890 (-0.4 bps)		

Treasury yields ended the week mostly lower amid cooling economic indicators and the widely expected decision to hold rates steady. On Wednesday, the Federal Reserve announced they would leave the Federal Funds Rate unchanged and maintain the target range of 4.25% to 4.50%, despite calls from President Donald Trump to dramatically lower rates. While the Fed has signaled that two more rate cuts are still expected by the end of the year, the timing of the cuts remains uncertain as tariff inflation concerns may cause the rate cuts to progress at a slower pace. May retail sales declined -0.9%, falling short of the consensus expected decline of -0.6%. This marks the largest monthly decline since March 2023 and much of the recent weakness can be attributed to the tariff front-running from earlier in the year. Industrial production declined 0.2% in May, also falling short of the consensus expectation of no change. Housing starts declined 9.8% in May to a 1.256 million annual rate, lagging the consensus expected 1.350 million. The NAHB Index (a measure of homebuilder sentiment) has fallen to its lowest level since 2022 as homebuilders continue to face a number of headwinds. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: June Preliminary S&P Global US Manufacturing PMI (51.0, 52.0), May Existing Home Sales (3.95m, 4.00m); Tuesday: June Conference Board Consumer Confidence (99.8, 98.0); Wednesday: June 20 MBA Mortgage Applications (N/A, -2.6%), May New Home Sales (693k, 743k); Thursday: May Preliminary Wholesale Inventories MoM (0.2%, 0.2%), 1Q Third Reading GDP Annualized QoQ (-0.2%, -0.2%), May Preliminary Durable Goods Orders (8.5%, -6.3%), June 21 Initial Jobless Claims (245k, 245k); Friday: May Personal Income (0.3% 0.8%), May Personal Spending (0.1%, 0.2%), June Final University of Michigan Sentiment (60.3, 60.5).

US Equities

Weekly Index Performance:

Market Indicators:

The Dow®	42,206.82 (0.07%)	Strong Sectors:	Energy, Info Tech
S&P 500®	5,967.84 (-0.12%)		Financials
S&P MidCap 400®	3,025.18 (0.65%)	Weak Sectors:	Materials, Comm. Services
S&P SmallCap 600®	1,296.70 (0.23%)		Health Care
Nasdaq Composite®	19,447.41 (0.22%)	NYSE Advance/Decline:	1,378 / 1,433
Russell 2000®	2,109.27 (0.44%)	NYSE New Highs/New Lows:	137 / 106
		AAll Bulls/Bears:	33.2% / 41.4%

The S&P 500 fell 12 basis points last week as investors weighed geopolitical and trade developments. The best performing sector in the index was the Energy sector which returned 1.11%. The sector saw broad based strength as oil prices gained due to tensions escalating between Israel and Iran. President Trump attempted to de-escalate the situation saying Israel and Iran should find a diplomatic resolution. However, the US decision to bomb strategic sites in Iran over the weekend brings new uncertainty as we look ahead to the coming week. Stocks also saw pressure as the Financial Times reported Japan canceled a meeting with US officials after the Trump administration told Tokyo to spend more on defense leading to fears trade talks may be stalling. The worst performing sector in the S&P 500 was the Health Care sector which sank 2.58%. The sector was led lower by **Eli Lilly & Co** which fell 6.91%. The pharmaceutical giant fell following reports that the firm plans to buy biotechnology company **Verve Therapeutics** in an all cash deal for up to \$1.3 billion. While the broader market ended the week relatively flat there was plenty of volatility among individual stocks. The best performer in the S&P 500 was **Coinbase Global Inc** which rallied 27.06%. The crypto currency exchange operator caught a bid following the news last Wednesday that the US Senate had passed the Genius Bill. The bill addresses the regulation of stablecoins and Coinbase recently introduced Coinbase Payments which is a stablecoin payment stack designed for commerce platforms. While Coinbase benefitted from activity on Capitol Hill last week not all industries were as fortunate. The worst performer in the S&P 500 was **Enphase Energy Inc** which plunged 21.38%. **First Solar Inc** didn't fare much better and was the second worst performer falling 17.24%. Solar and other renewable companies fell after the US senate proposed a plan to phase out Biden era tax credits from the Inflation Reduction Act by 2028. While the news heavily weighed on renewable stocks some analysts viewed the proposal as a win saying it's better than the version passed in the house in late May. Upcoming this week on the economic front, investors will be looking forward to May PMI and PCE pricing data to shed more light on the health of the manufacturing and services sectors in the US as well as how the fight against inflation is progressing. This week 9 companies in the S&P 500 are expected to report earnings. Notable releases include: **Carnival Corp**, **FedEx Corp**, **Micron Technologies**, and **Nike Incorporated**.

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