

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	4.330 (-2.1 bps)	Bond Buyer 40 Yield:	5.00 (6 bps)
6 Mo. T-Bill:	4.256 (-3.5 bps)	Crude Oil Futures:	68.45 (8.45)
1 Yr. T-Bill:	4.066 (-0.6 bps)	Gold Spot:	3,355.59 (18.44)
2 Yr. T-Note:	3.885 (0.5 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.861 (2.1 bps)	U.S. High Yield:	7.44 (11 bps)
5 Yr. T-Note:	3.973 (3.7 bps)	BB:	6.22 (13 bps)
10 Yr. T-Note:	4.409 (6.4 bps)	B:	7.63 (12 bps)
30 Yr. T-Bond:	4.949 (8.8 bps)		

Treasury yields rose moderately over the course of the week as new worries about global trade relations led investors to be more concerned about increased inflation. At the beginning of the week the Trump administration announced additional levies on key trading partners including Japan, South Korea, South Africa and Brazil, along with additional countries being notified of tariffs throughout the week. However, these are not supposed to take effect until August, which is being viewed as an additional extension to the negotiation window. There is also optimism that there will be a trade peace between the United States and the European Union as they try to lock in a 10% tariff rate with additional negotiation beyond August 1st. Treasury yields dropped moderately in the middle of the week as investors took a risk-on approach in the equity market due to a rebound in the mega-cap technology stocks. However, yields rose again on Friday as increased rhetoric on trade from the Trump administration led the Federal Reserve Bank to be more concerned about the effect of tariffs on inflation, leaving investors to speculate that the Fed would not cut rates as aggressively. The market implied Federal Funds Rate at the end of 2025 rose from 3.79 to 3.84 over the course of the week. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Tuesday: July Empire Manufacturing (-8.0, -16.0), June CPI MoM (0.3%, 0.1%), June CPI YoY (2.6%, 2.4%); Wednesday: July 11 MBA Mortgage Applications (n/a, 9.4%), June PPI Final Demand (0.3%, 0.1%), June Industrial Production MoM (0.1%, -0.2%); Thursday: June Retail Sales Advance (0.1%, -0.9%), July 12 Initial Jobless Claims (233k, 227k); Friday: June Housing Starts (1300k, 1256k), July Prelim. U. of Mich. Sentiment (61.5, 60.7).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow®	44,371.51 (-1.01%)	Strong Sectors:	Energy, Utilities, Industrials
S&P 500®	6,259.75 (-0.29%)	Weak Sectors:	Financials, Consumer Staples, Communication Services
S&P MidCap 400®	3,172.40 (-0.58%)		
S&P SmallCap 600®	1,376.56 (-0.24%)		
Nasdaq Composite®	20,585.53 (-0.06%)	NYSE Advance/Decline:	1,268 / 1,564
Russell 2000®	2,234.83 (-0.62%)	NYSE New Highs/New Lows:	264 / 35
		AAll Bulls/Bears:	41.4% / 35.6%

Stocks finished slightly lower on Friday after the S&P 500 closed at an all-time high on Thursday. The index has been steadily moving higher, hitting five all-time highs during the last ten trading sessions. Capping off the record day's moves was AI chipmaker **Nvidia**, which increased its market capitalization to a record \$4 trillion. The stock has been a leader throughout the year and continues to establish itself as the market's bellwether. As earnings season kicks off next week with the six biggest banks set to report, investors will look for signs of growth in the face of persistent inflation and tariff headwinds. Condiment maker **Kraft Heinz** is looking to increase its value to shareholders by exploring a potential breakup of its operating units. The company, along with peers in the consumer staples sector, has felt the impact of shifting consumer sentiment on its share price. Airlines **Delta**, **Southwest**, and **United** were all top performers in the S&P 500 last week. Delta gave a positive outlook after reporting better-than-expected earnings, which earned the company multiple analyst upgrades. The airlines are also members of the Industrials sector, which has led all other sectors in the S&P 500 since the beginning of the year. This news moved Delta's stock 2.5% higher on Friday. Tariff news continued to flow out of the White House throughout the week. President Trump threatened a 35% levy on Canadian goods. He also mentioned that baseline tariffs could be raised to 15% to 20% for most trading partners, up from the current minimum of 10%. Looking ahead to next week, releases on PPI, CPI, retail sales, and jobs are all set for release.

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