

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	4.351 (5.7 bps)	Bond Buyer 40 Yield:	4.94 (-2 bps)
6 Mo. T-Bill:	4.291 (5.8 bps)	Crude Oil Futures:	67.00 (1.48)
1 Yr. T-Bill:	4.072 (10.2 bps)	Gold Spot:	3,337.15 (62.82)
2 Yr. T-Note:	3.880 (13.2 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.840 (12.3 bps)	US High Yield:	7.33 (-6 bps)
5 Yr. T-Note:	3.936 (10.6 bps)	BB:	6.09 (-1 bps)
10 Yr. T-Note:	4.346 (6.9 bps)	B:	7.51 (-5 bps)
30 Yr. T-Bond:	4.861 (2.6 bps)		

The jobs report released last week showed the US economy added 147,000 jobs in June, easily beating the consensus 106,000 estimate. The unemployment rate fell to 4.1%, also beating the estimated 4.3%. The job gains from the prior two months were also revised higher. Bonds fell on the report and Treasury yields surged higher as odds for a rate cut in the near term plunged, with a rate cut at this month's meeting effectively taken off the table. However, looking beyond the headline numbers showed a more tepid report. The private sector added 74,000 jobs in June, meaning about half of June's gains came from government jobs, primarily at the state level in education. June's private-sector gain was well below the median estimate of 100,000 and May's 137,000 gain. This follows a separate report released Wednesday by ADP that showed the private sector lost 33,000 jobs in June following months of steady declines in the pace of hiring. It was the report's first loss since March 2023. The report noted that despite the loss, layoffs remain rare. The loss was due to slow hiring that failed to keep pace with departing employees. In other words, the labor market is stagnant. Meanwhile, the unemployment rate benefitted from a drop in labor force participation. Additional economic data released last week showed manufacturing contracted for the fourth straight month in June but beat expectations, measured by the ISM Manufacturing Index. Conversely, services expanded at a modest pace. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Wednesday: July 4 MBA Mortgage Applications (N/A, 2.7%), May Final Wholesale Inventories MoM (-0.3%, -0.3%); Thursday: July 5 Initial Jobless Claims (N/A, 233k).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	44,828.53 (2.34%)	Strong Sectors:	Materials, Financials, Info. Tech.
S&P 500:	6,279.35 (1.75%)	Weak Sectors:	Cons. Discretionary, Utilities, Comm. Services
S&P Midcap:	3,191.31 (2.92%)	NYSE Advance/Decline:	2,270 / 571
S&P Smallcap:	1,380.22 (3.33%)	NYSE New Highs/New Lows:	267 / 44
NASDAQ Comp:	20,601.10 (1.63%)	AAll Bulls/Bears:	45.0% / 33.1%
Russell 2000:	2,249.04 (3.58%)		

As the United States celebrates its independence, the equity market also marked a significant milestone last Thursday, with the S&P 500 reaching all-time highs, underpinned by a series of robust economic reports indicating the continued strength and resilience of the U.S. economy. Key releases on Thursday, including strong figures for Payroll, Wage, Trade, PMI, ISM, Durable Goods, and Factory Orders, further affirmed this positive outlook. Concurrently, the U.S. House of Representatives appears poised to pass President Trump's "Big Beautiful Bill," a comprehensive legislative package that includes extending the Trump-era tax cuts, implementing work requirements to limit Medicaid and SNAP spending growth, eliminating federal income taxes on tips and Social Security benefits, and enhancing border security measures, including an expansion of the border wall. This prospective legislation has already impacted various market sectors; last week, the coal industry experienced a significant rally, with **Ramaco Resources Inc.** surging 20.3%, **Alpha Metallurgical Resources** gaining 13.4%, and **Peabody Energy Corp.** rising 11.4%, largely due to the proposed reduction in green energy subsidies. Conversely, the healthcare sector faced headwinds, exemplified by **Centene Inc.** withdrawal of its full-year profit outlook and a subsequent stock decline of over 40% amid heightened scrutiny on fraudulent enrollments. In the realm of artificial intelligence, recent weeks have seen a flurry of significant developments: **OpenAI** continues to address its inference calculation needs, first by announcing a cloud deal with **Google** for TPU utilization, and then by reaching a \$30 billion cloud computing agreement with **Oracle Corp.** as part of its ambitious "Stargate" initiative, which sent Oracle's stock up 12.9%. Meanwhile, **Microsoft Corp.** announced 9,000 layoffs last week, a strategic move to optimize its sales force and expand its technical workforce to enhance its competitive position against OpenAI and Google in the AI landscape. While earnings season is still a week away, market activity will undoubtedly be influenced by ongoing updates to companies' fundamental performance.

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