First Trust

Weekly Market Commentary

Week Ended August 16, 2025

US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	4.211 (-2.6 bps)	Bond Buyer 40 Yield:	5.06 (2 bps)
6 Mo. T-Bill:	4.069 (-4.7 bps)	Crude Oil Futures:	62.80 (-1.08)
1 Yr. T-Bill:	3.916 (-0.7 bps)	Gold Spot:	3,336.19 (-61.56)
2 Yr. T-Note:	3.751 (-1.1 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.714 (-1.7 bps)	US High Yield:	7.19 (-10 bps)
5 Yr. T-Note:	3.836 (0.5 bps)	BB:	6.08 (-5 bps)
10 Yr. T-Note:	4.316 (3.3 bps)	B:	7.43 (-10 bps)
30 Yr. T-Bond:	4.918 (6.9 bps)		

Treasury yields ended the week mixed, with shorter maturities edging lower and longer maturities rising. July's Consumer Price Index (CPI) increased 0.2%, in line with consensus expectations, and is up 2.7% year-over-year. "Core" CPI, which excludes food and energy, rose 0.3% in July and is up 3.1% from a year ago. While the annual inflation numbers remain elevated, in the six months since Trump took office overall inflation has only risen 1.9% while core inflation is up 2.4%. The Producer Price Index (PPI) surged 0.9% in July, far outpacing the 0.2% expected increase. This was the largest monthly increase in more than three years as service prices were the primary driver of higher costs in July. July retail sales rose 0.5%, slightly below the consensus expected 0.6% increase, and are up 3.9% from a year ago. The advance in sales was broad-based, with nine out of the thirteen major sales categories rising. Industrial production declined 0.1% in July versus the consensus expectation of no change. Industrial activity fell for the first time in four months as producers continue to acclimate to shifts in the US trade policy. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Tuesday: July Housing Starts (1300k, 1321k); Wednesday: August 15 MBA Mortgage Applications (n/a, 10.9%); Thursday: August 16 Initial Jobless Claims (225k, 224k), August Preliminary S&P Global Manufacturing PMI (49.8, 49.8), July Leading Index (-0.1%, -0.3%), July Existing Home Sales (3.92m, 3.93m).

US Equities

Weekly Index Performance:		Market Indicators:	
DJIA:	44,846.12 (1.79%)	Strong Sectors:	Health Care, Cons. Disc., Comm. Services
S&P 500:	6,449.80 (0.99%)		
S&P Midcap:	3,172.49 (1.59%)	Weak Sectors:	Industrials, Utilities, Cons. Staples
S&P Smallcap:	1,394.59 (3.20%)		
NASDAQ Comp:	21,622.98 (0.83%)	NYSE Advance/Decline:	1,839 / 998
Russell 2000:	2,286.52 (3.12%)	NYSE New Highs/New Lows:	267 / 94
		AAII Bulls/Bears:	29.9% / 46.2%

Last week, equities continued to gain momentum as small and mid-caps outperformed large-caps. The market broadening from the "Magnificent Seven" has happened sporadically this year but has yet to take hold for a prolonged period. Economic data was a key driver last week. Inflation, as measured by the CPI, continued to be a positive signal for equities, but concerns from the PPI report later in the week shook markets. Hopes for a rate cut were mixed due to the conflicting inflation reports, though retail sales and consumer confidence remained strong. Geopolitics are heating up as President Trump met with Russian President Vladimir Putin in Alaska on Friday. While hopes for an immediate ceasefire were premature, both leaders reportedly agreed to some positive steps. **Intel Corp.** was the top performer in the S&P 500, rallying 23.1% on news that government funds from the Inflation Reduction Act (IRA) might be used to secure an equity position for the federal government in the semiconductor manufacturing company. Despite ongoing legal scandals related to waste, fraud, and abuse, health insurance giant **UnitedHealth Group Inc.** rallied 21.1% after **Berkshire Hathaway Inc.'s** 13-F filing publicly disclosed a 0.5% ownership stake. Airlines, including **Delta Air Lines Inc**., **United Airlines Holdings Inc.**, and **American Airlines Group Inc.**, all rallied over 12% after **Spirit Aviation Holdings** was forced to file a "going concern" warning. With $6.7 billion in debt and only $50 million in equity, the market appears to be pricing in a likely bankruptcy for the company. **Applied Materials Inc.** fell 12.5% after announcing quarterly earnings that beat analyst expectations but cut its guidance, largely due to weakness in China. Looking forward, the economy appears to remain healthy as inflation continues to moderate and employment holds up. If the economy continues to show strength and corporate earnings remain strong, we will likely remain constructive on equities.