

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	3.662 (-0.2 bps)	Bond Buyer 40 Yield:	4.80 (3 bps)
6 Mo. T-Bill:	3.748 (2.2 bps)	Crude Oil Futures:	96.60 (-8.82)
1 Yr. T-Bill:	3.836 (3.0 bps)	Gold Spot:	4,509.40 (-30.68)
2 Yr. T-Note:	4.121 (5.2 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.171 (3.3 bps)	US High Yield:	7.42 (-3 bps)
5 Yr. T-Note:	4.258 (unch.)	BB:	6.26 (-4 bps)
10 Yr. T-Note:	4.558 (-3.6 bps)	B:	7.81 (-5 bps)
30 Yr. T-Bond:	5.064 (-5.2 bps)		

Treasury yields fluctuated last week but ended the week little changed. On Tuesday, the 30-year US Treasury yield rose to its highest level since 2007, before the financial crisis, at 5.18%. The yield moved higher amid inflationary pressure and concerns over budget deficits, which now has the market pricing in a rate hike by early next year. On Thursday, a standoff between the US and Iran lifted interest rates and sent oil prices higher. The May reading of the S&P Global US Manufacturing PMI beat expectations, expanding at the fastest pace in four years. Looking through the headline report, activity was boosted by precautionary stockpiling due to concerns over price hikes and supply delays resulting from the war in the Middle East. Input costs also rose at the fastest pace since 2022, while service activity was sluggish. The University of Michigan's Consumer Sentiment Index fell to a record low in May, coming in well below expectations, mostly due to cost-of-living concerns. Consumers also reported higher short and long-run inflation expectations. On Friday, Kevin Warsh was sworn into office as the 17th Federal Reserve chair. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: May Conf. Board Consumer Confidence (92.0, 92.8); Wednesday: May 22 MBA Mortgage Applications (N/A, -2.3%); Thursday: May 23 Initial Jobless Claims (210k, 209k), 1Q GDP Annualized QoQ (2.1%, 2.0%), April Preliminary Durable Goods Orders (3.2%, 0.8%), April New Home Sales (660k, 682k), April Personal Income (0.4%, 0.6%), April Personal Spending (0.5%, 0.9%); Friday: May MNI Chicago PMI (51.2, 49.2), April Preliminary Wholesale Inventories MoM (0.6%, 1.3%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	50,579.80 (2.18%)	Strong Sectors:	Utilities, Health Care, Real Estate
S&P 500:	7,473.47 (0.91%)	Weak Sectors:	Energy, Cons. Staples, Comm. Services
S&P Midcap:	3,673.41 (1.79%)	NYSE Advance/Decline:	1,764 / 1,056
S&P Smallcap:	1,670.72 (2.59%)	NYSE New Highs/New Lows:	216 / 206
NASDAQ Comp:	26,343.97 (0.48%)	AAll Bulls/Bears:	31.7% / 43.6%
Russell 2000:	2,869.23 (2.75%)		

The S&P 500 rose 0.9% last week, stretching its winning streak to eight consecutive weeks—its longest since late 2023. Rising Treasury yields and the U.S.-Iran conflict drove sharp intraweek swings, with the 30-year yield briefly topping 5.19% and the 10-year touching 4.68% before easing as progress on peace talks pulled Brent crude from a \$112 midweek high to around \$103. Kevin Warsh was sworn in as Federal Reserve Chair on Friday. Quantum computing stocks surged after the Wall Street Journal reported the government plans to award \$2 billion in grants to nine firms, sending **D-Wave Quantum** up 44% and **Rigetti Computing** up 48% last week. **Cava Group** rose 5% on a first-quarter revenue beat and hiked their guidance along with 9.7% gain same store sales. **Ross Stores** gained 10% on strong earnings and they too saw same store sales gain 17%. **Estee Lauder** popped 10% after dropping its pursuit of a Puig merger. **SoftBank Group** rallied 12% on Friday as **Nvidia's** results lifted AI names globally where SoftBank has made significant investments. **SpaceX** filed its IPO prospectus Wednesday targeting a \$1.75 trillion valuation and an \$80 billion raise that would shatter Saudi Aramco's record, revealing \$18.7 billion in 2025 revenue with Starlink driving ~60% of sales, then scrubbed its first Starship V3 launch Thursday before retrying Friday. On the losing side, **Intuit** cratered 18% after announcing a 17% workforce reduction and lowering its TurboTax forecast, overshadowing an earnings beat. **Target** fell 4% last Wednesday despite \$25.4 billion in revenue and 5.6% comp-store growth—its best in four years—after the CFO warned sentiment was waning and investors locked in profits on a stock up 35% in six months. **Nvidia** delivered record revenue of \$81.6 billion (+85% year-over-year), data center revenue of \$75.2 billion (+92%), and net income of \$58.3 billion while hiking its dividend to \$0.25 a share and authorizing \$80 billion in buybacks, but the stock slipped 1.8% as the market shrugged off CEO Jensen Huang's declaration that "demand has gone parabolic"—perfection was already priced into a \$5.4 trillion company. **Walmart** edged lower on warnings that fuel costs could pressure margins. The week ahead brings Friday's PCE inflation print and continued Iran talks as **SpaceX** marches toward what could be the largest IPO in history.

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