

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	3.743 (0.3 bps)	Bond Buyer 40 Yield:	4.58 (-1 bps)
6 Mo. T-Bill:	3.916 (2.6 bps)	Crude Oil Futures:	71.44 (-4.03)
1 Yr. T-Bill:	3.914 (-5.9 bps)	Gold Spot:	4,088.74 (-66.97)
2 Yr. T-Note:	4.092 (-8.5 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.091 (-10.2 bps)	U.S. High Yield:	7.41 (6 bps)
5 Yr. T-Note:	4.128 (-10.4 bps)	BB:	6.25 (4 bps)
10 Yr. T-Note:	4.369 (-8.5 bps)	B:	7.78 (9 bps)
30 Yr. T-Bond:	4.864 (-3.4 bps)		

Treasury yields fell across the board this week, with the 10-year hitting its lowest level in over six weeks. The main driver was easing US-Iran tensions; assurances of free passage through the Strait of Hormuz pushed oil prices back down, relieving inflation concerns. A midweek tech stock selloff also sent some investors into the safety of bonds, adding to the move. New home sales fell 7.3% in May to a 580,000 annual rate, missing even the most pessimistic Bloomberg forecast and nearly matching the slowest pace since 2022. The ongoing conflict with Iran has added pressure, pushing 30-yr fixed mortgage rates up 45 basis points and putting Fed rate cuts on hold. Personal income rose 0.7% in May, well above the 0.4% consensus, driven in part by a second round of USDA Supplemental Disaster Relief payments to producers with 2023–2024 natural disaster losses. Private sector wages gained 0.4% (up 4.1% year-over-year), though that merely kept pace with inflation, leaving purchasing power flat. Personal consumption rose 0.7%, slightly ahead of the 0.6% consensus, but the broader trend is notable: spending is up 6.3% over the past year while income has grown just 3.8%. Durable goods orders fell 4.5% in May, but the headline is misleading. The drop was entirely driven by volatile commercial aircraft orders, the same category that inflated April's 8.5% surge. Stripping out transportation, orders rose 1.3% in May and 10.2% over the past year, the largest annual gain in four years, with all major categories advancing. Major economic reports (related consensus forecasts, prior data) for the upcoming shortened holiday week include Tuesday: June MNI Chicago PMI (55.4, 62.7), June Conf. Board of Consumers Confidence (94.6, 93.1); Wednesday: June 26<sup>th</sup> MBA Mortgage Applications (N/A, 1.0%), June ADP Employment Change (119k, 122k), June Final S&P Global US Manufacturing PMI (55.7, 55.7), June ISM Manufacturing (53.9, 54.0), May Construction Spending MoM (0.2%, 0.4%); Thursday: June Change in Nonfarm Payrolls (115k, 172k), June Unemployment Rate (4.3%, 4.3%), June 27<sup>th</sup> Initial Jobless Claims (220k, 215k), May Factory Orders (-2.0%, 4.8%), May Final Durable Goods Orders (-4.5%, -4.5%).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow®	51,876.11 (0.60%)	Strong Sectors:	Health Care, Real Estate, Utilities
S&P 500®	7,354.02 (-1.94%)	Weak Sectors:	Comm Services, Info Tech, Consumer Discretionary
S&P MidCap 400®	3,816.30 (0.66%)		
S&P SmallCap 600®	1,797.26 (3.06%)		
Nasdaq Composite®	25,297.62 (-4.59%)	NYSE Advance/Decline:	1,548 / 1,285
Russell 2000®	3,010.08 (1.03%)	NYSE New Highs/New Lows:	337 / 243
		AAll Bulls/Bears:	44.9% / 36.1%

Stocks fell by -1.94% last week as measured by the S&P 500. On Wednesday, memory chipmaker **Micron Technology** delivered stellar earnings and a better outlook that sent the stock and its peers soaring into Thursday. The positive sentiment within the sector was offset by the realization that the demand for chips will come with increased costs as **Apple Inc** announced plans to raise prices for its devices. More Apple news came late Friday as news broke that a key hardware executive is leaving the company to develop wearable devices for **OpenAI**. According to a report in the New York Times, OpenAI is looking to monetize its models and could delay its initial public offering until next year. A rotation out of the largest technology and communication services names into the real estate and utilities sectors was seen as the sectors were among the respective bottom and top performing groups in the broad-based S&P 500 index. The beaten down health care sector also saw relief with top performing drugmakers **AbbVie**, **Eli Lilly**, and **Johnson & Johnson** all posting double digit gains last week to boost their stock prices to all-time highs. Oil also moved lower last week. Crude closed under \$70, a level not seen since late February. Lower energy prices and positive consumer sentiment boosted discretionary names on Friday with automobile related names leading the sector. Looking ahead to next week, data on jobs, payrolls, and durable goods are all set for release.

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