

Open-End Net Fund Flows (\$)	6/24	5/24	YTD (Jun)
Equity	-38.7B	-40.9B	-260.6B
Taxable Bond	-5.5B	6.6B	95.1B
Municipal Bond	-0.6B	1.2B	11.3B
Hybrid	-8.7B	-7.9B	-55.2B
Taxable Money Market	-6.0B	70.4B	55.9B

Key Interest Rates/Yields	7/31/24	6/28/24	7/31/23
Federal Funds Target Rate	5.50%	5.50%	5.50%
2-Year T-Note	4.26%	4.76%	4.88%
5-Year T-Note	3.91%	4.38%	4.18%
10-Year T-Note	4.03%	4.40%	3.96%
Bond Buyer 40	4.34%	4.36%	4.44%

Commodities/U.S. Dollar	7/24	YTD	12 Mo.
U.S. Dollar Index (DXY)	-1.67%	2.73%	2.20%
FTSE/CC CRB Excess Ret.	-4.25%	5.42%	-1.44%
Crude Oil/WTI (per Barrel)	-4.45%	8.74%	-4.76%
Natural Gas (per million BTUs)	-21.72%	-19.01%	-22.70%
Gold Bullion (Ounce)	3.71%	17.12%	23.14%

Total Return Performance

U.S. Stock Indices	7/24	YTD	12 Mo.
S&P 500	1.22%	16.69%	22.13%
DJIA	4.51%	9.52%	17.22%
Nasdaq 100	-1.59%	15.60%	23.93%
S&P MidCap 400	5.81%	12.31%	15.38%
Russell 2000	10.16%	12.06%	14.22%
Russell 3000	1.86%	15.67%	21.06%

U.S. Styles/Market Caps	7/24	YTD	12 Mo.
S&P 500 Growth	-1.31%	21.94%	26.90%
S&P 500 Value	4.75%	10.81%	16.76%
S&P MidCap 400 Growth	4.22%	16.40%	19.29%
S&P MidCap 400 Value	7.56%	8.02%	11.33%
Russell 2000 Growth	8.19%	12.98%	12.77%
Russell 2000 Value	12.19%	11.23%	15.65%

Foreign Stock Indices (USD)	7/24	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	3.14%	8.25%	11.12%
MSCI Emerging Markets NET	0.30%	7.81%	6.27%
MSCI Europe NET	2.15%	8.08%	10.68%
MSCI BRIC NET	1.01%	7.34%	1.90%
MSCI EM Latin America NET	1.03%	-14.81%	-9.28%
Nikkei 225	5.54%	10.25%	13.33%

Bloomberg Fixed Income Ind.	7/24	YTD	12 Mo.
U.S. Treasury: Intermediate	1.84%	2.06%	5.16%
GNMA 30 Year	2.43%	1.39%	4.66%
Municipal Bond (22+)	0.97%	1.05%	4.90%
U.S. Aggregate	2.34%	1.61%	5.10%
Intermediate Corporate	1.99%	3.01%	7.36%
U.S. Corporate High Yield	1.94%	4.58%	11.05%
Global Aggregate	2.76%	-0.49%	3.00%
EM Hard Currency Aggregate	1.91%	3.82%	8.48%

Sources: Bloomberg and Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.

Climate

From our perspective, July's investment climate is best summarized by one word: volatility. The month began with large cap stocks outperforming their peers while investors held out for any indication that the Federal Reserve ("Fed") could begin slashing interest rates. We will discuss this further in the "Stock Market" section below, but mid-month, a rotation into mid and small sized companies began to take hold as expectations of a rate cut crystallized. At the end of the month, weaker than expected economic data was released, reigniting fears of an impending U.S. recession. Manufacturing output declined in July, with the ISM Manufacturing index coming in at 46.8. Notably, the production component of the index stood at 45.9, its lowest level since COVID lockdowns, according to Brian Wesbury, Chief Economist at First Trust Advisors L.P. A reading below 50 signals contraction. July's U.S. hiring data showed weakness as well, with payroll gains (net of downward revisions from prior months) totaling just 85,000 jobs in July.

Stock Market

The S&P 500 Index ("Index") stood at 5,522.30 on 7/31/24, down 2.56% from its all-time high of 5,667.20 set on 7/16/24, according to data from Bloomberg. The S&P MidCap 400 and S&P SmallCap 600 Indices stood -0.54% and -2.06%, respectively, below their all-time highs as of the same date. In July, the Index posted a total return of 1.22%. Nine of the 11 major sectors that comprise the Index registered positive total returns for the month. The top-performer was Real Estate, up 7.22%, while the worst showing came from Communication Services which was down 4.01%. The Index posted a total return of 22.13% over the trailing 12-month period ended 7/31/24. Each of the 11 major sectors were positive on a total return basis. The Index's top performer was Information Technology, up 35.20%, while the worst showing came from Consumer Staples which increased by 7.93%. The only sectors to post negative total returns in July were Information Technology (-2.09%) and Communication Services (-4.01%). The results mark the first time since May 2021 where both of these sectors suffered losses in a month where the Index was positive on a total return basis. The S&P MidCap 400 and S&P SmallCap 600 Indices surged by 5.81% and 10.79%, respectively, in July, as investors began pricing in potential rate cuts and a soft landing for the U.S. economy. Financials were the top performing sector, posting a total return of 11.99% in the S&P MidCap 400 Index and 16.98% in the S&P SmallCap 600 Index during the month. Notably, Information Technology was the worst performing sector among mid-sized and small-sized U.S. companies. The S&P MidCap 400 and S&P SmallCap 600 Information Technology Indices posted total returns of -0.57% and 4.55%, respectively, in July.

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) stood at 4.03% at the close of trading on 7/31/24, representing a decline of 37 basis points (bps) from its 4.40% close on 6/28/24, according to data from Bloomberg. The 4.03% yield stood 162 bps above its 2.41% average for the 10-year period ended 7/31/24 and 96 bps below its most recent high of 4.99% set on 10/19/23. The yield on the 2-year T-note stood at 4.26% on 7/31/24, representing a decline of 50 bps from when it stood at 4.76% on 6/28/24. As many investors are likely aware, bond prices and yields typically move in opposite directions. Each of the U.S. fixed income asset classes we track posted positive total returns in July. We expect these returns could continue and may even accelerate as the market adjusts to the increasing likelihood of rate cuts as the year progresses. On 7/31/24, the federal funds rate futures market revealed that investors expect nearly three cuts totaling 73 bps in 2024, up from between one and two cuts totaling 44 bps at the end of June 2024.

Takeaway

The start of the third quarter ushered in renewed concerns that the U.S. could fall into an economic recession, prompting investors to adjust expectations about the timing of U.S. rate cuts. The federal funds target rate (upper bound) remained at 5.50% in July, well above the trailing 12-month rate of change in the Consumer Price Index (CPI), which stood at 3.0% at the end of June. Historically, the spread between these metrics has been much smaller. Over the 30-year period ended 6/30/24, the federal funds target rate (upper bound) averaged 2.57% on a monthly basis, while the CPI averaged 2.5% over the same time frame. We cannot know for certain if the Fed will cut rates in September, but the market appears increasingly certain of that outcome. From our perspective, if inflation remains subdued and economic data softens further, the Fed may have sufficient justification for normalizing the spread between interest rates and inflation over the coming months.

Data as of 7/31/24

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	5667.20	7/16/2024	1829.08	2/11/2016	5522.30	-2.56%	16.69%	1.32%
S&P 500 Growth	3919.29	7/10/2024	1009.73	10/16/2014	3681.85	-6.06%	21.94%	0.50%
S&P 500 Value	1879.04	7/31/2024	788.67	2/11/2016	1879.04	0.00%	10.81%	2.22%
S&P MidCap 400	3115.02	7/16/2024	1218.55	3/23/2020	3098.13	-0.54%	12.31%	1.49%
S&P MidCap 400 Growth	1515.34	7/16/2024	572.55	10/13/2014	1488.67	-1.76%	16.40%	1.00%
S&P MidCap 400 Value	978.22	7/31/2024	373.28	3/23/2020	978.22	0.00%	8.02%	2.02%
S&P 100	2757.75	7/10/2024	819.58	8/25/2015	2656.65	-3.67%	19.73%	1.24%
DJIA	41198.08	7/17/2024	15660.18	2/11/2016	40842.79	-0.86%	9.52%	1.81%
Nasdaq 100	20675.38	7/10/2024	3765.28	10/16/2014	19362.43	-6.35%	15.60%	0.80%
Russell 2000	2442.74	11/8/2021	953.72	2/11/2016	2254.48	-7.71%	12.06%	1.40%
Russell 2000 Growth	1709.62	2/9/2021	573.10	2/11/2016	1446.21	-15.41%	12.98%	0.60%
Russell 2000 Value	2643.45	11/8/2021	1067.63	3/23/2020	2563.96	-3.01%	11.23%	2.19%
Russell 3000	3230.62	7/16/2024	1067.34	2/11/2016	3154.24	-2.36%	15.67%	1.31%
MSCI World Net (ex U.S.) (USD)	8627.21	7/12/2024	4189.62	2/11/2016	8518.57	-1.26%	8.25%	3.01%
MSCI Emerging Markets Net (USD)	699.23	2/17/2021	296.25	1/21/2016	575.50	-17.70%	7.81%	2.63%
Ibovespa/Brazil (USD)	29488.46	1/2/2020	9077.09	1/21/2016	22546.15	-23.54%	-18.66%	6.67%
RTS/Russia (USD)	1919.58	10/25/2021	628.41	1/20/2016	N/A	N/A	N/A	N/A
S&P BSE 500/India (USD)	444.18	7/31/2024	129.66	3/23/2020	444.18	0.00%	21.25%	1.01%
Shanghai Composite/China (USD)	832.07	6/12/2015	353.71	8/1/2014	407.01	-51.08%	-0.46%	2.89%
KOSPI/South Korea (USD)	2.93	6/16/2021	1.16	3/19/2020	2.02	-31.08%	-1.00%	1.95%
Hang Seng (USD)	4241.01	1/26/2018	1871.10	10/31/2022	2220.17	-47.65%	5.09%	4.53%
MSCI Euro (USD)	1789.52	5/15/2024	865.50	3/18/2020	1699.36	-5.04%	6.92%	3.24%
S&P 500 Consumer Discretionary	1673.27	11/19/2021	500.86	10/15/2014	1516.58	-9.36%	7.41%	0.72%
S&P 500 Consumer Staples	843.66	7/17/2024	443.51	7/31/2014	834.36	-1.10%	11.08%	2.77%
S&P 500 Energy	749.39	4/5/2024	179.94	3/18/2020	712.42	-4.93%	13.27%	3.17%
S&P 500 Utilities	394.81	9/12/2022	203.71	8/6/2014	369.64	-6.38%	16.86%	3.05%
S&P 500 Financials	729.29	7/17/2024	264.89	2/11/2016	727.47	-0.25%	17.28%	1.56%
S&P 500 Banks	461.87	1/12/2022	180.19	2/11/2016	426.12	-7.74%	23.54%	2.68%
FTSE NAREIT All Equity REITs	980.08	12/31/2021	483.48	3/23/2020	778.71	-20.55%	4.82%	3.84%
S&P 500 Health Care	1754.45	7/17/2024	692.10	8/7/2014	1742.67	-0.67%	10.67%	1.58%
S&P 500 Pharmaceuticals	1185.08	7/15/2024	515.78	8/7/2014	1113.52	-6.04%	14.15%	2.30%
NYSE Arca Biotechnology	6319.77	2/8/2021	2642.53	2/11/2016	5740.22	-9.17%	6.06%	0.23%
S&P 500 Information Technology	4616.32	7/10/2024	612.98	10/16/2014	4249.09	-7.96%	25.57%	0.62%
Philadelphia Semiconductor	5904.54	7/10/2024	549.47	10/13/2014	5233.18	-11.37%	25.96%	0.84%
S&P 500 Communication Services	322.31	7/5/2024	130.86	12/24/2018	297.29	-7.76%	21.60%	0.78%
S&P 500 Industrials	1084.87	7/16/2024	412.06	3/23/2020	1081.94	-0.27%	13.03%	1.49%
S&P 500 Materials	586.08	4/9/2024	234.97	1/25/2016	580.51	-0.95%	8.61%	1.83%
Philadelphia Gold & Silver	167.76	4/14/2022	38.84	1/19/2016	152.33	-9.20%	22.27%	1.45%
FTSE/CC CRB Excess Return	329.59	6/9/2022	106.29	4/21/2020	278.12	-15.62%	5.42%	N/A
ICE BofA Perpetual Preferred	319.67	9/22/2021	201.43	8/5/2014	313.31	-1.99%	5.33%	6.68%
ICE BofA U.S. High Yield Constrained	550.14	7/31/2024	313.74	2/11/2016	550.14	0.00%	4.65%	7.79%

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