



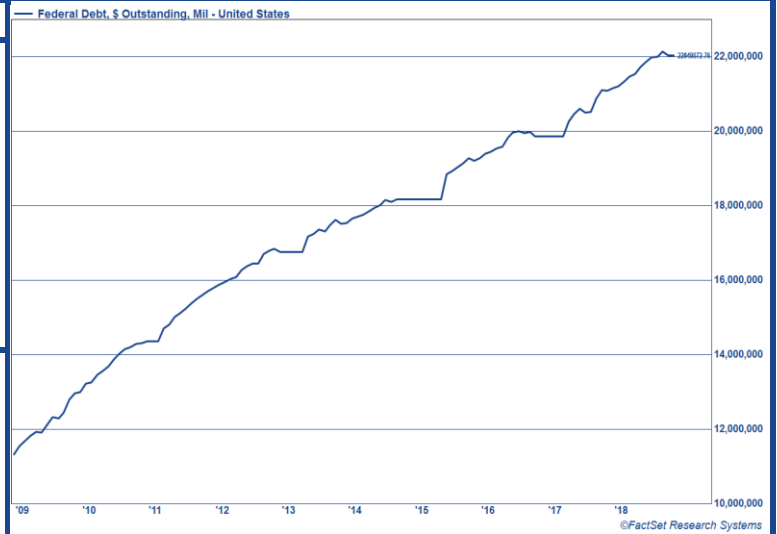
Economic & Market Commentary

Because of the breakdown in China trade talks, stocks started out last week under tremendous pressure, but then on a slew of mostly positive economic reports and positive trade rhetoric from President Trump, gained some ground back but still finished modestly down for the week. Riskier stock asset classes such as small-caps and emerging markets underperformed large-caps. Within the S&P 500, defensive sector (REIT's, staples and utilities) stocks decidedly outperformed cyclical sector (financials, industrials & consumer discretionary) stocks. Bond returns finished higher for the week as treasury yields moved lower again. The yield curve flattened with ephemeral inversions as the spread between the 3-Month (2.42) and 10-year (2.39) treasuries narrowed and/or turned negative. The yield curve continues to signal forthcoming economic weakness the root(s) and timing of which is always an enigma. U.S. and China trade talk analysis is chockablock of economic and political reasons why the recent breakdown could lead to a slowdown in economic and earnings growth including: disruptions in global supply chains; shortage of some goods and supplies for production and consumption; higher prices paid by consumers and businesses; lower margins and earnings; selling of U.S. treasuries by China could lead to higher rates and a lower dollar; negative impact on consumer and business confidence; reluctance to invest due to associated uncertainty; political power posturing could extend the duration of talks and the list goes on and on. In 2018, the U.S. imported \$540 billion worth of goods from China which is only roughly 2.9% of the United States \$18.9 trillion real GDP. So why all the fuss? Because we are in uncharted tariff waters and there is uncertainty as to which economic course the winds will blow.

Total Returns - May 17, 2019

Stock Index	1-Wk	YTD	1-Yr
NASDAQ	-1.22	18.31	7.03
S&P 500	-0.69	14.98	7.25
Russell 2000	-2.32	14.45	-4.20
S&P 400	-2.21	14.30	-1.39
Dow Jones	-0.61	11.49	6.66
MSCI-Developed	0.21	10.25	-6.29
MSCI-Emerging	-3.55	3.72	-10.76
Barclay's U.S. Bond Index			
High Yield	-0.07	8.17	6.08
Municipal	0.31	4.24	6.83
Aggregate	0.33	3.57	6.72
Int. Gov. Credit	0.27	2.93	5.85
5-year Muni	0.26	2.78	5.05

U.S. Outstanding Debt - \$22.1 Trillion



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	2.34	2.37	2.30
U.S. 2-Yr	2.21	2.24	2.57
U.S. 3-Yr	2.15	2.21	2.75
U.S. 5-Yr	2.18	2.25	2.93
U.S. 10-Yr	2.39	2.45	3.10
U.S. 30-Yr	2.82	2.87	3.24

S&P 500 - Sector Total Returns - May 17, 2019

Sector	1-Wk	YTD	1-Yr
Info Tech	-0.97	22.16	10.54
Communication Services	0.27	19.44	16.89
Real Estate	1.52	18.98	24.66
Consumer Discretionary	-1.11	18.22	11.55
Industrials	-1.85	16.92	2.15
Consumer Staples	0.94	14.93	19.91
Financials	-2.07	13.56	-2.61
Energy	-0.44	12.17	-16.36
Utilities	1.45	12.01	24.37
Materials	-0.77	8.77	-6.53
Health Care	-0.45	2.76	8.40

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	1.93	1.97	2.54
U.S. AA	2.01	2.06	2.64
U.S. A	2.32	2.37	2.99
U.S. Baa	2.93	3.01	3.66
U.S. Municipal	2.15	2.20	2.80
Michigan	2.23	2.27	2.86

Index Characteristics	P/E	P/E NTM	Dividend Yield
S&P 500 - Large Cap	16.44	14.83	1.91
S&P 400 - Mid Cap	15.50	15.61	1.59
S&P 600 - Small Cap	16.35	15.53	1.66