



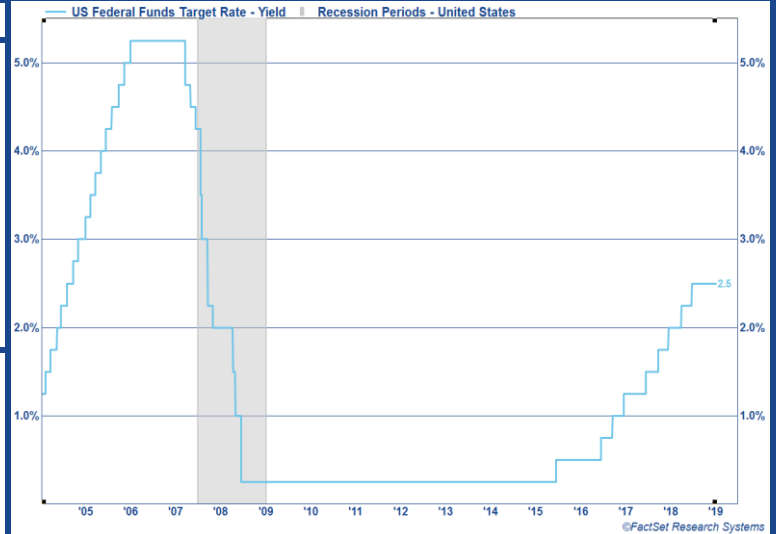
Economic & Market Commentary

Stocks finished last week modestly higher with the Dow and S&P 500 reaching new all-time closing highs last Wednesday. A major reason stocks have rallied so strongly this year is the Federal Reserve. So far this year, the Federal Reserve's monetary policy stance has gone from raising short-term rates, to holding rates steady, and now to the expectation of rate cuts. The first concrete sign of possible rate cuts came in early June when, giving a speech Federal Reserve Chair Powell, signaled in his opening remarks that the Fed was monitoring trade developments and ready to respond to any adverse effects in order to sustain economic growth. Then, at the June 19 FOMC meeting it became evident the Fed was becoming more concerned about the economy, and there was increasing willingness for a rate cut as eight policymakers lowered their target rate forecast for 2019, seven of which reflected a half-point cut by year end to 2.0%. Of the other nine policymakers, eight held their rate forecast steady at 2.5% and one forecasted a quart-point increase to 2.75%. The Fed is essentially split on the next rate cut move. The CME Group's FedWatch Tool, which gauges the fed fund futures probability of Federal Reserve target rate moves, shows a 94.1% chance of a rate cut later this month and a 62.9% of an additional cut in September. Friday's strong labor market report may have thrown a wrench in the rate cut spoke wheels. If economic data in the next couple of months firms or improves, the likelihood of additional rate cuts becomes much less compelling. The Fed has been trying to normalize rates for the past few years and would likely prefer to keep as much dry powder available to use in the event of an actual recession as opposed to trying to sustain an economy they forecast to grow 2.1% this year.

Total Returns - July 8, 2019

Stock Index	1-Wk	YTD	1-Yr
NASDAQ	1.96	23.71	8.77
S&P 500	1.69	20.55	11.51
S&P 400	1.06	19.23	1.25
Russell 2000	0.59	17.68	-4.86
Dow Jones	1.27	16.87	13.19
MSCI-Developed	0.52	14.62	1.82
MSCI-Emerging	0.66	11.31	3.16
Barclay's U.S. Bond Index			
High Yield	0.26	10.23	7.85
Aggregate	-0.15	5.96	7.57
Municipal	0.06	5.16	6.69
Int. Gov. Credit	-0.24	4.71	6.63
5-year Muni	0.01	3.81	5.22

Fed Funds Rate



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	2.01	1.94	2.32
U.S. 2-Yr	1.86	1.73	2.56
U.S. 3-Yr	1.81	1.69	2.65
U.S. 5-Yr	1.84	1.75	2.74
U.S. 10-Yr	2.04	2.00	2.84
U.S. 30-Yr	2.54	2.53	2.95

S&P 500 - Sector Total Returns - July 8, 2019

Sector	1-Wk	YTD	1-Yr
Info Tech	2.26	30.00	15.66
Consumer Discretionary	2.07	24.36	12.27
Real Estate	2.45	23.38	18.07
Communication Services	2.85	22.48	14.82
Industrials	0.12	21.53	10.19
Financials	2.03	19.63	8.58
Consumer Staples	2.20	18.73	17.63
Materials	0.52	17.87	3.56
Utilities	1.66	16.60	19.00
Energy	-0.94	12.06	-13.21
Health Care	1.22	9.39	12.49

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	1.80	1.80	2.40
U.S. AA	1.88	1.88	2.52
U.S. A	2.20	2.20	2.88
U.S. Baa	2.81	2.79	3.51
U.S. Municipal	2.03	2.02	2.67
Michigan	2.13	2.15	2.79

Index Characteristics	P/E	P/E NTM	Dividend Yield
S&P 500 - Large Cap	17.07	14.87	1.84
S&P 400 - Mid Cap	16.01	15.60	1.53
S&P 600 - Small Cap	16.54	15.57	1.50