



Economic & Market Commentary

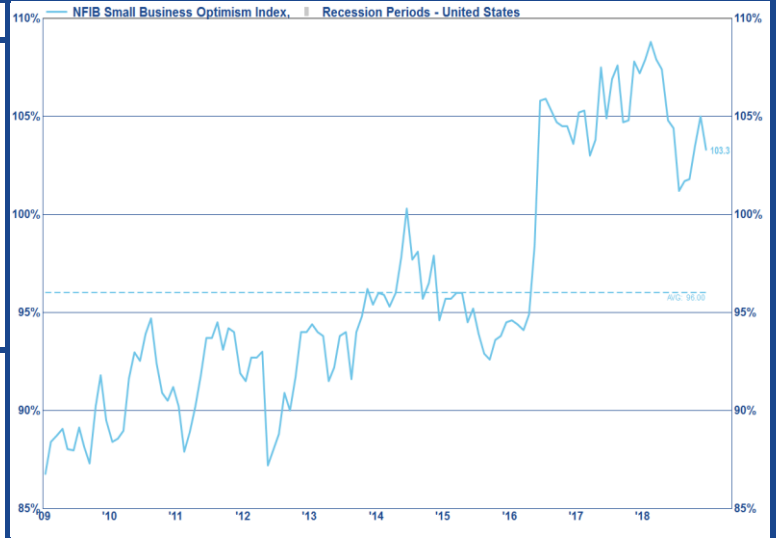
With his opening statement in testimony to Congress last week, Federal Reserve Chair Powell basically cemented a Fed rate cut for later this month. The bond and stock market have priced in two quarter-point cuts by the end of this year. The Fed has cited concerns about slowing business investment, decelerating manufacturing and housing demand, weakening global growth, declining inflation, and the adverse affect of trade tensions. Trade tensions with China have impacted sentiment as recent consumer and business surveys have declined due to the uncertainty associated with tariffs. Last week the NFIB's June Small Business Optimism Index dipped 1.7 percentage points to 103.3 but remains elevated. The actual capital expenditures segment of the survey fell 10 points to 54 from 64 while the capital expenditure plans segment dipped four points to 26 from 30. Consumers are likely to become more cautious and businesses less reluctant to make investments when the outlook is less certain. Other highlights to mention from this survey were labor market conditions and prices paid. Finding qualified workers remains the number one problem for small business owners. The very tight labor market and lack of available workers is constraining economic growth as small businesses are finding it very difficult to fill open positions. Tariff related inflation is having an impact. As the report stated, "the percent of firms raising selling prices rose significantly with 30 percent of owners reporting recent changes in China trade policy negatively impacting their business." Along this line, core consumer inflation for June came in slightly higher than expected last week rising 0.3% vs. 0.2% expected for the month and 2.1% vs. 2.0% expected year-over-year. The question going forward is whether additional rate cuts will be warranted.

Total Returns - July 12, 2019

Stock Index	1-Wk	YTD	1-Yr
NASDAQ	1.01	24.96	6.53
S&P 500	0.82	21.54	9.89
S&P 400	-0.26	18.92	-0.16
Dow Jones	1.54	18.66	12.27
Russell 2000	-0.34	17.28	-5.80
MSCI-Developed	-0.55	13.99	0.66
MSCI-Emerging	-0.76	10.46	0.66

Barclay's U.S. Bond Index			
	1-Wk	YTD	1-Yr
High Yield	-0.06	10.17	7.23
Aggregate	-0.21	5.73	7.19
Municipal	0.30	5.48	6.77
Int. Gov. Credit	-0.04	4.67	6.53
5-year Muni	0.39	4.22	5.37

Small Business Optimism



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	1.97	2.01	2.37
U.S. 2-Yr	1.83	1.86	2.60
U.S. 3-Yr	1.82	1.81	2.68
U.S. 5-Yr	1.86	1.84	2.76
U.S. 10-Yr	2.11	2.04	2.85
U.S. 30-Yr	2.63	2.54	2.95

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	1.73	1.80	2.37
U.S. AA	1.82	1.88	2.49
U.S. A	2.14	2.20	2.84
U.S. Baa	2.78	2.81	3.46
U.S. Municipal	1.96	2.03	2.64
Michigan	2.07	2.13	2.75

S&P 500 - Sector Total Returns - July 12, 2019

Sector	1-Wk	YTD	1-Yr
Info Tech	1.53	31.99	13.33
Consumer Discretionary	2.16	27.04	11.70
Communication Services	1.43	24.23	15.51
Real Estate	-0.17	23.16	17.99
Industrials	1.25	23.04	9.34
Financials	0.47	20.19	6.82
Consumer Staples	0.93	19.83	17.94
Materials	-0.81	16.92	1.93
Utilities	-0.11	16.47	19.49
Energy	2.15	14.47	-12.13
Health Care	-1.37	7.89	7.83

Index Characteristics	P/E	P/E NTM	Dividend Yield
S&P 500 - Large Cap	17.21	14.88	1.82
S&P 400 - Mid Cap	15.99	15.57	1.54
S&P 600 - Small Cap	16.51	15.63	1.51