



**Economic & Market Commentary**

Stock markets took a breather last week from the Fed-fueled euphoria as earnings growth came into focus and it appeared more likely than not that the Fed will cut rates only a quarter-point later this month. Second-quarter 2019 earnings season kicked into full gear last week and two themes became evident. First, the consumer is doing well as banks reported better than expected earnings on increased consumer activity. The majority of banks reporting last week saw year-over-year revenue increases of 2-4%, however, sequentially revenues were mixed. Second, there is concern within the industrial space as rail companies have lowered their second-half forecasts based on slowing customer volume activity. Some segments of weakness cited by the rail companies included merchandise, energy (coal, nat gas & crude oil), agriculture (grains), housing and intermodal. Intermodal volumes, which is moving truck trailers by rail, were down sharply last quarter as international and trucking activity has lessened. Lower trucking volumes were confirmed as a trucking company report last week highlighted an overall weaker freight environment. Transportation volume trends are a reliable leading indicator of economic activity. Along this line, the Fed has recently cited concerns about softening economic activity as justification for a rate cut to sustain the current economic expansion. Bond and stock markets have increasingly priced in the possibility of a 50 basis-point rate cut later this month. That is, until some stronger than expected economic reports and some Fed policymakers threw some water on the idea of a 50 basis-point cut. At one point fed futures showed a 40% chance of 50 basis-point cut in July, but now it stands at 27.6%. There is currently a 75% chance of an additional rate cut in September.

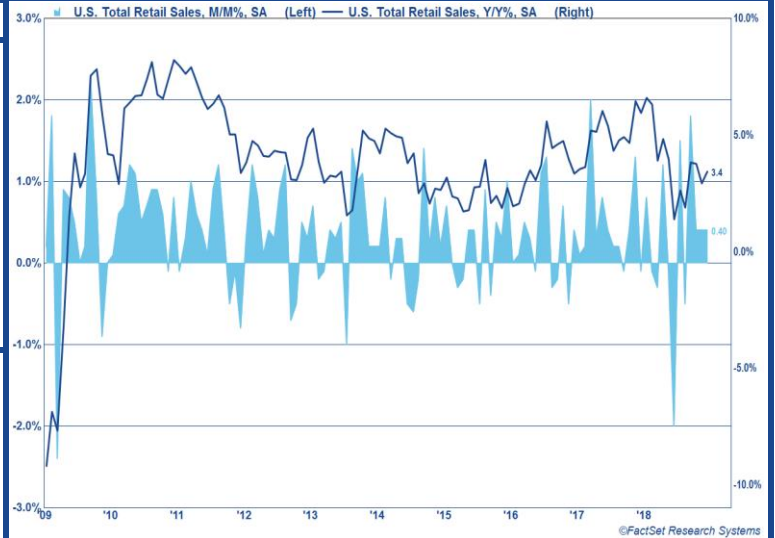
**Total Returns - July 19, 2019**

Stock Index	1-Wk	YTD	1-Yr
NASDAQ	-1.18	23.48	5.25
S&P 500	-1.21	20.06	8.30
S&P 400	-1.15	17.55	-1.93
Dow Jones	-0.61	17.95	10.92
Russell 2000	-1.40	15.64	-7.73
MSCI-Developed	-0.14	13.84	0.28
MSCI-Emerging	0.74	11.29	2.25

Barclay's U.S. Bond Index			
	1-Wk	YTD	1-Yr
High Yield	-0.15	10.00	6.91
Aggregate	0.38	6.13	7.46
Municipal	0.16	5.64	6.82
Int. Gov. Credit	0.24	4.92	6.66
5-year Muni	0.13	4.36	5.33

**Retail Sales**



**U.S. Treasury Yields**

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	1.94	1.97	2.41
U.S. 2-Yr	1.82	1.83	2.59
U.S. 3-Yr	1.78	1.82	2.66
U.S. 5-Yr	1.80	1.86	2.74
U.S. 10-Yr	2.05	2.11	2.84
U.S. 30-Yr	2.58	2.63	2.96

**S&P 500 - Sector Total Returns - July 19, 2019**

Sector	1-Wk	YTD	1-Yr
Info Tech	-0.65	31.13	12.60
Consumer Discretionary	-1.65	24.94	9.58
Industrials	-1.22	21.54	6.29
Communication Services	-3.06	20.43	14.37
Real Estate	-2.28	20.35	16.36
Consumer Staples	0.35	20.24	18.05
Financials	-1.32	18.60	3.78
Materials	0.15	17.10	2.17
Utilities	-0.44	15.96	18.63
Energy	-2.65	11.44	-13.60
Health Care	-0.80	7.03	7.39

**Municipal Yields - Bloomberg/Barclays Index**

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	1.71	1.73	2.34
U.S. AA	1.79	1.82	2.48
U.S. A	2.11	2.14	2.83
U.S. Baa	2.75	2.78	3.42
U.S. Municipal	1.94	1.96	2.62
Michigan	2.07	2.07	2.75

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	17.01	14.88	1.86
S&P 400 - Mid Cap	15.89	15.57	1.57
S&P 600 - Small Cap	16.33	15.64	1.54