



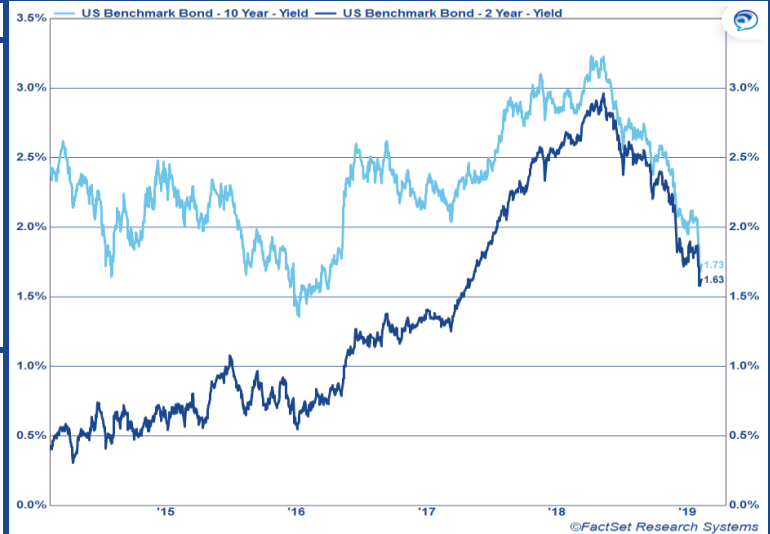
Economic & Market Commentary

Stock markets experienced extreme volatility last week as the U.S. and China dug in their trade war heels. Stocks declined sharply on average 3% last Monday, and then began to claw their way back in the middle part of the week only to end lower Friday. For the week, stocks finished modestly lower across the board. With all of the volatility and uncertainty surrounding the trade war, investors flocked to the safety of treasury bonds. The yield on the 10-year treasury note dipped below 1.60% last week intraday but finished the week at 1.73%. With the decline in the 10-year note, the yield curve inverted significantly as the spread between the 3-month T-bill and the 10-year widened to 30 basis points. As we have written often, an inverted yield curve has historically been a reliable recession indicator. Also with the decline of the 10-year, mortgage rates have moved sharply lower as the 30-year rate hovers near 3.75% and the 15-year mortgage rate hovers near 3.125%. The Mortgage Bankers Association reported mortgage refi activity rose 12% while existing and new home sales activity was muted. In addition to all of the pleasantries of the trade war, U.S. economic data continues to point to a softening economy. The ISM July Manufacturing survey posted a reading of 51.2%, which was the lowest reading since August 2016. The ISM July Service survey posted a level of 53.7%, which was the lowest reading since November 2016. Global manufacturing is in contraction mode as many readings remain below 50 including Japan, South Korea, Eurozone and China. 2Q19 U.S. GDP slowed to a 2.1% annual pace from its 1Q19 pace of 3.1%. The Fed's latest forecast for the U.S. economy calls for 2.1% growth in 2019 as a strong labor market and solid consumer spending are offset by weaker business investment and trade-related uncertainty.

Total Returns - August 9, 2019

Stock Index	1-Wk	YTD	1-Yr
NASDAQ	-0.51	20.73	2.00
S&P 500	-0.40	17.84	4.38
S&P 400	-0.65	15.46	-3.68
Dow Jones	-0.61	14.35	5.53
Russell 2000	-1.32	13.10	-9.24
MSCI-Developed	-1.14	9.34	-4.62
MSCI-Emerging	-2.22	3.40	-6.71
Barclay's U.S. Bond Index			
High Yield	-0.31	9.86	5.81
Aggregate	0.57	7.75	9.32
Municipal	0.64	7.07	8.54
Int. Gov. Credit	0.38	5.98	7.73
5-year Muni	0.37	5.33	6.45

U.S. Treasury 2yr and 10yr Yields



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	1.79	1.86	2.44
U.S. 2-Yr	1.63	1.71	2.65
U.S. 3-Yr	1.56	1.68	2.74
U.S. 5-Yr	1.56	1.67	2.81
U.S. 10-Yr	1.73	1.86	2.93
U.S. 30-Yr	2.25	2.39	3.08

S&P 500 - Sector Total Returns - August 19, 2019

Sector	1-Wk	YTD	1-Yr
Info Tech	-0.69	27.57	8.13
Real Estate	1.78	25.98	20.08
Communication Services	-0.64	20.75	9.87
Consumer Discretionary	0.01	20.32	4.56
Consumer Staples	0.05	18.71	14.51
Industrials	-0.56	18.36	1.81
Utilities	1.14	16.93	18.39
Materials	0.75	15.62	-0.96
Financials	-1.58	15.28	-1.99
Health Care	0.41	6.72	3.39
Energy	-2.14	4.83	-18.42

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	1.48	1.59	2.43
U.S. AA	1.56	1.68	2.55
U.S. A	1.87	1.99	2.88
U.S. Baa	2.50	2.61	3.45
U.S. Municipal	1.70	1.82	2.69
Michigan	1.81	1.92	2.80

Index Characteristics	P/E	P/E NTM	Dividend Yield
S&P 500 - Large Cap	16.68	14.88	1.89
S&P 400 - Mid Cap	15.80	15.58	1.60
S&P 600 - Small Cap	16.42	15.68	1.58