



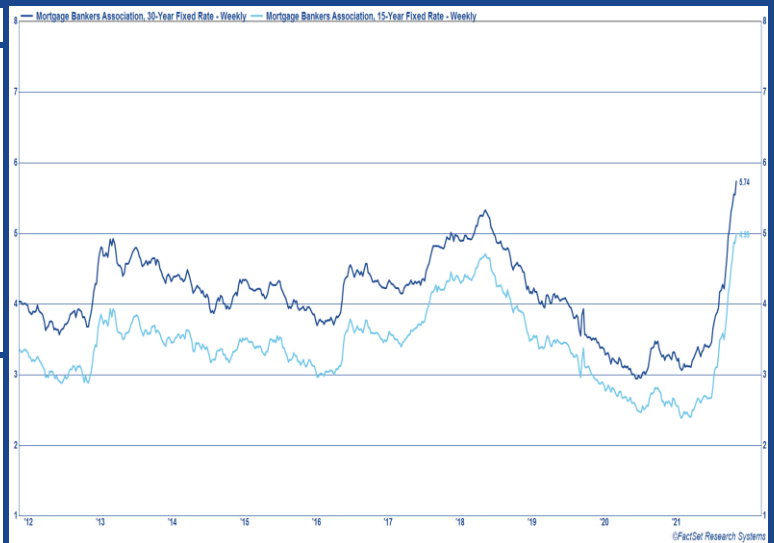
**Economic & Market Commentary**

Inflation was the focus last week as the Consumer Price Index (CPI) report for April was released. Headline CPI, which includes food and energy, came in lighter than consensus rising for the last twelve months at +8.3% pace vs. +8.5% expected. However, core CPI, which excludes food and energy, came in higher than expected at +0.60% vs. +0.40%. Stock markets did not take the CPI news well and sold off sharply. The S&P 500 Index has declined for six straight weeks. At the close on Thursday, the S&P 500 was on the cusp of moving into bear market territory but a strong relief rally on Friday prevented that from happening. The bearish case for equities was little changed last week, with a focus around Fed-led global monetary tightening, more-persistent higher inflation than expected, China Covid lockdowns, geopolitics, global growth slowdown and recession fears, and extended large-cap valuations. The bullish case continues to revolve around oversold conditions, high level of negative sentiment (contra), gradual easing of supply chain bottlenecks, less hawkish Fed tone, and the nearing of peak inflation. The market has already priced in a lot of concerns around inflation and growth, central banks, and Ukraine, and valuations are now looking much more attractive in the small-cap and mid-cap equity space. The exhibit on the bottom right of the report labeled Index Characteristics shows that mid-cap and small-cap forward valuations are well below their 10-yr historical averages. From spring 2020 to fall 2021, mid-cap and small-cap forward multiplies were well above historical averages and was the reason we went to a slight underweight in stocks. We have sold into strength for over a year and valuations are now nearing the point where they are attractive and at some point we will likely go overweight stocks and begin buying into weakness. When markets are under pressure, risk premiums become much more attractive and one is being much better compensated for taking on risk. Where there is chaos, there is opportunity.

**Index Total Returns - May 13, 2022**

	1-Wk	YTD	1-Yr
Dow Jones	-2.08	-10.81	-3.58
S&P 400	-1.97	-14.03	-7.94
S&P 500	-2.35	-15.12	-0.76
MSCI-Developed	-1.41	-15.70	-11.63
MSCI-Emerging	-2.60	-17.96	-20.56
Russell 2000	-2.50	-19.83	-16.52
NASDAQ	-2.77	-24.35	-9.45
<b>Barclay's U.S. Bond Index</b>			
Int. Gov. Credit	0.62	-6.26	-6.40
5-year Muni	-0.19	-7.16	-6.88
Aggregate	0.89	-9.71	-8.45
Municipal	-0.72	-10.15	-9.24
High Yield	-1.21	-10.41	-7.43

**U.S. Mortgage Rates**



**U.S. Treasury Yields**

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	1.88	1.93	0.04
U.S. 2-Yr	2.59	2.67	0.16
U.S. 3-Yr	2.80	2.90	0.34
U.S. 5-Yr	2.88	3.05	0.84
U.S. 10-Yr	2.93	3.13	1.66
U.S. 30-Yr	3.09	3.22	2.40

**S&P 500 Sector Total Returns - May 13, 2022**

Sector	1-Wk	YTD	1-Yr
Energy	-2.61	46.87	64.12
Utilities	-1.07	0.53	12.22
Consumer Staples	0.31	0.52	13.54
Materials	-2.44	-8.60	-3.31
Health Care	-0.88	-8.39	6.29
Industrials	-2.51	-11.66	-8.58
Financials	-3.54	-13.83	-8.57
Real Estate	-3.85	-16.31	6.61
Info Tech	-3.47	-22.00	2.54
Consumer Discretionary	-3.38	-26.11	-10.97
Communication Services	-0.16	-25.01	-18.97

**Municipal Yields - Bloomberg/Barclays Index**

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.14	3.04	0.87
U.S. AA	3.32	3.20	0.95
U.S. A	3.67	3.54	1.19
U.S. Baa	4.04	3.92	1.65
U.S. Municipal	3.43	3.32	1.06
Michigan	3.55	3.43	1.11

Index Characteristics	P/E	P/E NTM	Dividend Yield
S&P 500 - Large Cap	17.16	17.11	1.48
S&P 400 - Mid Cap	12.24	15.69	1.35
S&P 600 - Small Cap	11.78	16.11	1.31