



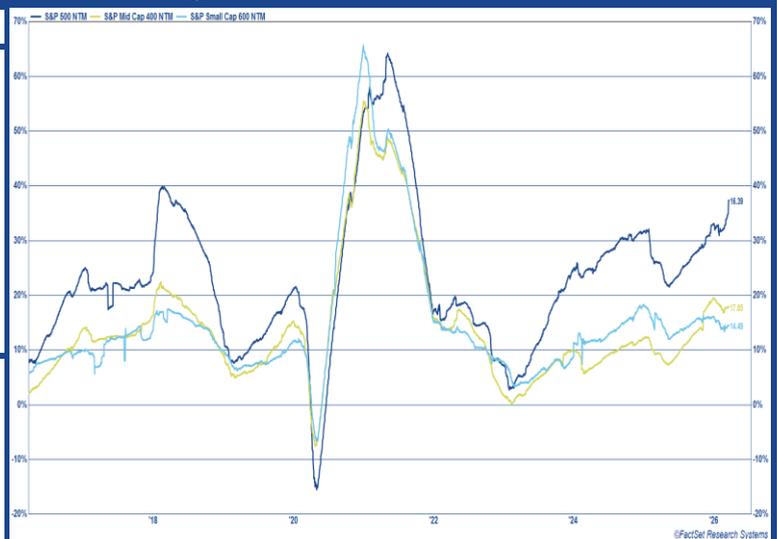
Economic & Market Commentary

Stocks sold off and bond yields rose for the fourth week in a row amid escalating tensions. The Russell 2000 small-cap index closed in correction territory on Friday closing down -10.3% from its most recent high set in January 2026. A correction is a decline of at least ten percent. Bond yields have risen sharply over the past four weeks across the yield curve amid rising inflation expectations and greatly diminished rate cut expectations. The 2Yr Treasury yield has moved from 3.39% to 3.99% and the 10Yr Treasury has moved from 3.96% to 4.44%. The conflict has flipped bond market dynamics from dovish to hawkish and the chance of a rate cut this year has vanished. The longer this war drags on, the broader and deeper the correction will be due to sustained high energy costs, supply chain shortages and slower economic growth. The fascinating dynamic of the markets right now is how the selloff has been mild and contained relative to the high level of uncertainty. This is due to a couple of reasons. First, there has been a precedent of numerous geopolitical shocks that triggered shallow, short-lived pullbacks before rebounding once the scope of the conflict clarifies and the shock quickly fades. A good label for this would be desensitization as markets have become accustom to these events. Look no further than the first strike on Iran last summer and the Venezuela event in January. With both, markets finished higher the day after the event. Second, the U.S. currently has strong underlying fundamentals and resilient earnings. The US economy entered the war with solid economic growth, a stable labor market, and moderating inflation. Corporate profit forecasts (S&P 500) have continued climbing rather than collapsing, providing a powerful anchor. Indeed, 2026 earnings estimates the past few weeks have risen from +14.2% to +16.4%. High oil prices haven't yet flowed through broadly to margins or consumer spending, so investors are focusing on fundamentals over headlines.

Index Total Returns - March 20, 2026

	1-Wk	YTD	1-Yr
MSCI-Emerging	-0.35	4.48	31.02
S&P 400	-1.30	0.01	12.96
MSCI-Developed	-2.06	-1.46	16.57
Russell 2000	-1.65	-1.52	19.45
Dow Jones	-2.09	-4.79	10.51
S&P 500	-1.87	-4.68	16.34
NASDAQ	-2.06	-6.73	23.13
Barclay's U.S. Bond Index			
5-year Muni	-0.47	0.45	4.32
Municipal	-0.49	0.23	4.16
Int. Gov. Credit	-0.40	-0.43	4.23
Aggregate	-0.51	-0.68	3.77
High Yield	-0.31	-0.82	6.04

S&P 500 Earning Estimates



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	3.80	3.63	4.06
U.S. 2-Yr	3.90	3.73	3.96
U.S. 3-Yr	3.91	3.75	3.93
U.S. 5-Yr	4.01	3.87	4.01
U.S. 10-Yr	4.39	4.28	4.23
U.S. 30-Yr	4.95	4.91	4.55

S&P 500 Sector Total Returns - March 20, 2026

Sector	1-Wk	YTD	1-Yr
Energy	2.75	32.77	32.51
Consumer Staples	-4.38	5.64	7.79
Utilities	-4.98	4.56	15.85
Materials	-4.50	3.03	10.50
Industrials	-1.83	4.23	23.29
Real Estate	-3.82	1.46	1.49
Comm. Services	-1.52	-4.35	33.42
Health Care	-3.01	-6.11	0.61
Info Tech	-1.86	-8.36	26.06
Con. Discretion	-2.73	-10.42	10.77
Financials	0.42	-10.37	0.30

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.52	3.42	3.59
U.S. AA	3.54	3.43	3.63
U.S. A	3.90	3.80	3.98
U.S. Baa	4.56	4.46	4.47
U.S. Municipal	3.67	3.56	3.75
Michigan	3.79	3.70	3.84

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	19.90	19.26	1.17
S&P 400 - Mid Cap	15.45	16.42	1.31
S&P 600 - Small Cap	14.48	16.20	1.61