



Economic & Market Commentary

Stock markets last week essentially treaded water despite some significant developments and this morning stock futures are higher even after the U.S. bombed several of Iran's nuclear facilities. It is astonishing, and sad, how desensitized the world now is to conflict. The conflict between Israel and Iran continues to dominate the headlines. Last Thursday, President Trump was going to decide within two weeks whether to strike Iran in an effort to give diplomacy a final chance. Well, it only took two days to decide. Iran retaliated with a missile barrage on Israel and has announced they are closing the Strait of Hormuz. Crude oil prices spiked 4% over the weekend but as of this morning are up 1% at \$74.62 per barrel. The Fed held their FOMC meeting last week and decided to keep the federal funds rate unchanged at 4.25%–4.50%, marking the fourth consecutive hold since the last rate cut in December 2024. The Fed continues to take a cautious, data-driven approach amid economic uncertainty, particularly due to President Trump's trade tariffs and their potential inflationary impact which has yet to materialize. They also updated their The Summary of Economic Projections (SEP) outlook: median GDP growth for 2025 was downgraded to +1.4% from +1.7% in March, core PCE inflation was raised to +3.1% for 2025 (up from +2.8%), and unemployment was expected to rise slightly to 4.5% from 4.4% in March. The Fed still expects to cut rate two more times in 2025 with fed fund futures showing a 60% probability of September for the first rate cut. Fed Chair Jerome Powell, in his press conference, emphasized a "wait-and-see" stance, stating the Fed is "well positioned to wait" for clearer data on tariff impacts, inflation, and labor market trends. He noted that tariff-related inflation could be transitory or persistent, and the Fed would respond to labor market weakening if needed. Many economists feel the Fed is once again behind the curve.

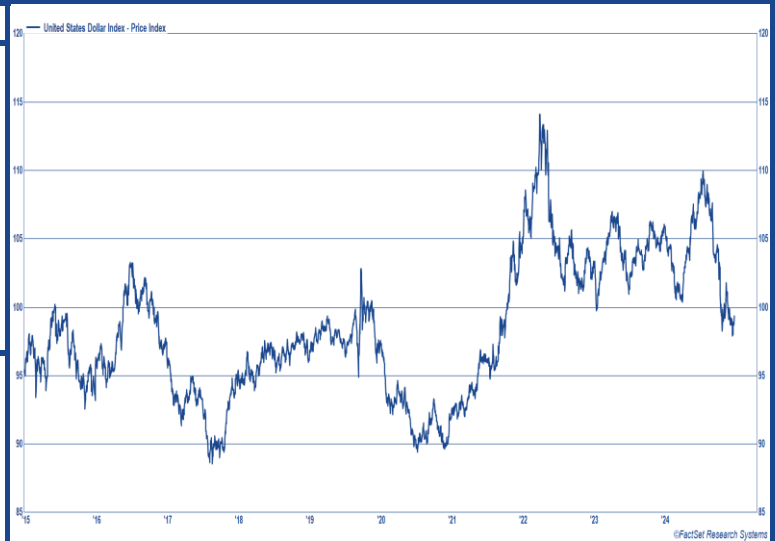
Index Total Returns - June 20, 2025

	1-Wk	YTD	1-Yr
MSCI-Developed	-1.46	15.81	13.53
MSCI-Emerging	-0.02	12.02	11.21
S&P 500	-0.12	2.12	10.51
NASDAQ	0.22	1.05	10.51
Dow Jones	0.07	0.06	9.76
S&P 400	0.65	-2.37	5.17
Russell 2000	0.44	-4.82	5.99

Barclay's U.S. Bond Index

High Yield	0.29	3.47	9.20
Int. Gov. Credit	0.24	3.34	5.75
Aggregate	0.26	2.95	4.32
5-year Muni	0.17	1.95	3.82
Municipal	0.16	-0.64	0.58

U.S. Dollar



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.07	4.08	5.10
U.S. 2-Yr	3.91	3.95	4.73
U.S. 3-Yr	3.86	3.91	4.46
U.S. 5-Yr	3.96	4.01	4.27
U.S. 10-Yr	4.38	4.41	4.25
U.S. 30-Yr	4.89	4.90	4.39

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.80	3.82	3.50
U.S. AA	3.88	3.89	3.54
U.S. A	4.27	4.29	3.90
U.S. Baa	4.77	4.79	4.36
U.S. Municipal	4.00	4.02	3.66
Michigan	4.15	4.18	3.79

S&P 500 Sector Total Returns - June 20, 2025

Sector	1-Wk	YTD	1-Yr
Industrials	-0.16	8.47	17.43
Utilities	-0.78	7.49	19.34
Consumer Staples	-0.19	5.50	10.62
Energy	1.11	5.07	2.13
Financials	0.81	4.68	23.43
Comm. Services	-1.71	4.27	17.65
Real Estate	-0.15	3.52	12.89
Materials	-1.19	3.52	-1.54
Info Tech	0.91	2.24	7.54
Health Care	-2.58	-3.17	-7.90
Con. Discretion	-0.74	-7.09	16.13

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	21.43	18.74	1.24
S&P 400 - Mid Cap	15.56	16.12	1.46
S&P 600 - Small Cap	14.81	15.38	1.68