



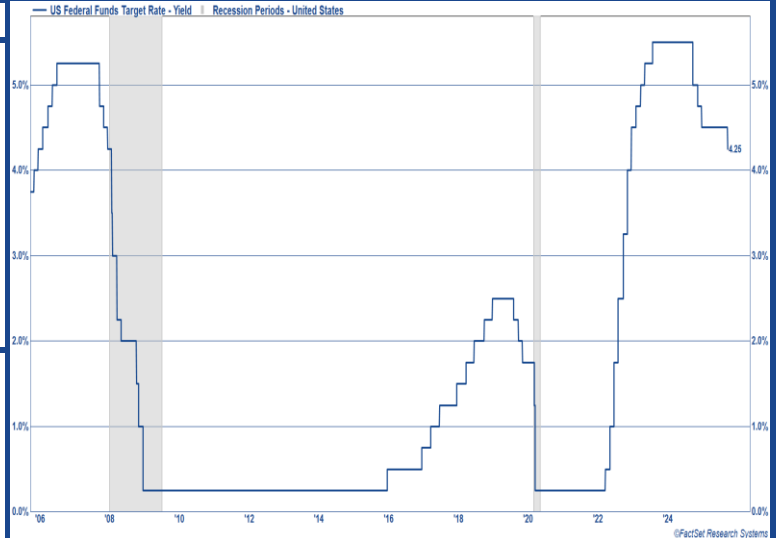
Economic & Market Commentary

Stock markets advanced again last week posting fresh all-time highs driven higher by the Federal Reserve's rate cut last Wednesday. The Federal Open Market Committee (FOMC) convened its latest meeting amid a complex economic landscape, characterized by a softening labor market, moderated economic growth, and persistent but slightly elevated inflation pressures. The decision reflects a shift toward prioritizing employment risks while navigating inflation concerns exacerbated by factors like tariffs. The FOMC lowered the target range for the federal funds rate by 25 basis points (0.25%) to 4.00%-4.25%. This marks the first rate cut in 2025, following three cuts in late 2024 and a pause earlier this year. Chair Jerome Powell described the move as a "risk management cut" to address emerging labor market weaknesses without overreacting to inflation. The post-meeting statement noted that "job gains have slowed" and "inflation has moved up and remains somewhat elevated," highlighting tensions between the Fed's dual mandate of price stability and maximum employment. Released along side the statement was the Summary of Economic Projections (SEP) which provides median forecasts from FOMC participants for key indicators. Notable changes include a moderate increase in GDP growth in 2025 and 2026 from +1.4% and +1.6% to +1.6% and +1.8%, respectively, while the median fed funds rate path projection implies two additional 25 basis point cuts in 2025 (likely October and December), bringing the rate to 3.50%-3.75% by year-end. However, views diverged: many participants foresaw only one more cut, others expected two, and one pushed for more aggressive easing, indicating potential internal divisions on the rate path ahead. Powell emphasized a "meeting-by-meeting" data-dependent approach, with future decisions hinging on labor reports and inflation trends. The bond market is also forecasting two more rate cuts this year.

Index Total Returns - September 19, 2025

| | 1-Wk | YTD | 1-Yr |
|----------------------------------|-------|-------|-------|
| MSCI-Emerging | 1.19 | 26.99 | 24.40 |
| MSCI-Developed | -0.18 | 24.30 | 15.76 |
| NASDAQ | 2.22 | 17.76 | 26.46 |
| S&P 500 | 1.25 | 14.39 | 18.17 |
| Dow Jones | 1.10 | 10.28 | 12.11 |
| Russell 2000 | 2.19 | 10.88 | 10.19 |
| S&P 400 | 0.11 | 6.37 | 6.70 |
| Barclay's U.S. Bond Index | | | |
| High Yield | 0.34 | 7.34 | 7.65 |
| Aggregate | -0.19 | 6.20 | 2.62 |
| Int. Gov. Credit | -0.05 | 5.79 | 3.99 |
| 5-year Muni | 0.10 | 5.10 | 4.20 |
| Municipal | 0.24 | 2.95 | 1.84 |

Fed Funds Target Rate



U.S. Treasury Yields

| Treasury Yields | Latest Close | Week Ago | 1-Year Ago |
|-----------------|--------------|----------|------------|
| U.S. 1-Yr | 3.59 | 3.65 | 3.95 |
| U.S. 2-Yr | 3.57 | 3.56 | 3.59 |
| U.S. 3-Yr | 3.55 | 3.53 | 3.47 |
| U.S. 5-Yr | 3.68 | 3.63 | 3.49 |
| U.S. 10-Yr | 4.13 | 4.06 | 3.72 |
| U.S. 30-Yr | 4.74 | 4.68 | 4.06 |

Municipal Yields - Bloomberg/Barclays Index

| Issue Type | Latest Close | Week Ago | 1-Year Ago |
|----------------|--------------|----------|------------|
| U.S. AAA | 3.38 | 3.40 | 3.18 |
| U.S. AA | 3.42 | 3.44 | 3.19 |
| U.S. A | 3.81 | 3.83 | 3.57 |
| U.S. Baa | 4.47 | 4.49 | 4.07 |
| U.S. Municipal | 3.56 | 3.58 | 3.33 |
| Michigan | 3.71 | 3.74 | 3.46 |

S&P 500 Sector Total Returns - September 19, 2025

| Sector | 1-Wk | YTD | 1-Yr |
|------------------|-------|-------|--------|
| Comm. Services | 3.37 | 29.18 | 43.85 |
| Info Tech | 2.10 | 20.28 | 27.62 |
| Industrials | 0.98 | 16.94 | 15.86 |
| Utilities | -0.64 | 13.85 | 12.15 |
| Financials | 0.84 | 13.13 | 20.56 |
| Materials | -0.87 | 10.45 | -1.20 |
| Consumer Staples | -1.17 | 4.60 | 1.90 |
| Real Estate | -1.12 | 4.58 | -3.23 |
| Energy | -0.02 | 5.38 | 2.46 |
| Con. Discretion | 1.45 | 6.60 | 23.56 |
| Health Care | -0.61 | 0.72 | -10.41 |

| Index Characteristics | P/E | P/E NTM | Dividend |
|-----------------------|-------|-----------|----------|
| | NTM | 10yr-Avg. | Yield |
| S&P 500 - Large Cap | 22.86 | 18.93 | 1.12 |
| S&P 400 - Mid Cap | 16.22 | 16.16 | 1.34 |
| S&P 600 - Small Cap | 15.61 | 15.52 | 1.49 |