



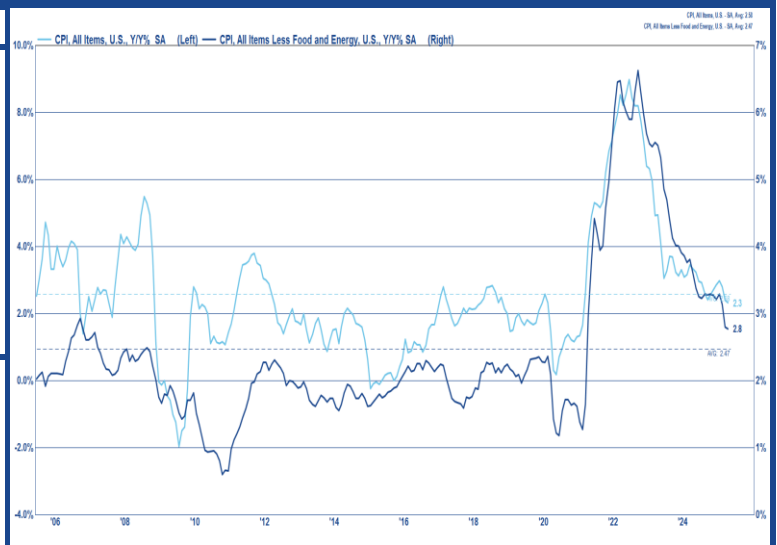
Economic & Market Commentary

Is the Federal Reserve (Fed) once again late to the party? During the inflation surge of 2021-2022, The Fed initially labeled rising inflation as "transitory," attributing it to supply chain disruptions and stimulus spending. It maintained near-zero interest rates and quantitative easing into 2022, despite inflation climbing above 7%. By the time the Fed began aggressive rate hikes in March 2022, inflation had reached a 40-year high of +9.1% (June 2022). Now, as inflation moves closer to the Fed's long-term target of +2.0% and the economy clearly continues to weaken, the Fed is reluctant to cut rates due to potential tariff related inflation. This week will provide the first sign of tariff related inflation at both the consumer and wholesale levels as May inflation readings will be released for the Consumer Price Index (CPI) and the Producer Price Index (PPI). Both have inflation for the month rising +0.2% and +0.3% at the headline and core levels, respectively. Indeed, CPI 12-month inflation has dropped three months consecutively with April 2025 posting +2.3%. With inflation within arms reach of the Fed's target, the economy continues to gradually weaken. The Fed's Beige Book, released on June 4, 2025, indicated that the U.S. economy experienced a slight decline in activity since the previous report on April 23, 2025. Economic activity declined modestly across most of the 12 Federal Reserve Districts, with half reporting slight to moderate declines, three reporting no change, and three noting slight growth. All districts highlighted elevated economic and policy uncertainty, leading to cautious business and household decisions. Recent economic releases are consistent with the Beige report as ISM May activity at the manufacturing and service levels both missed consensus estimates, home sales continue to tread water, and the labor market continues to weaken. Perhaps the Fed is once again late to the party, left with only the mess to clean up.

Index Total Returns - June 6, 2025

	1-Wk	YTD	1-Yr
MSCI-Developed	0.73	17.72	12.65
MSCI-Emerging	2.28	11.21	12.96
S&P 500	1.54	2.62	13.62
NASDAQ	2.20	1.44	14.53
Dow Jones	1.23	1.31	11.92
S&P 400	1.70	-1.62	5.27
Russell 2000	3.23	-3.84	5.49
Barclay's U.S. Bond Index			
High Yield	0.32	3.01	8.99
Int. Gov. Credit	-0.41	2.61	5.25
Aggregate	-0.44	2.00	3.69
5-year Muni	0.18	1.53	3.86
Municipal	-0.09	-1.05	0.71

Consumer Price Inflation - CPI



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.14	4.10	5.08
U.S. 2-Yr	4.04	3.90	4.73
U.S. 3-Yr	4.02	3.86	4.51
U.S. 5-Yr	4.12	3.96	4.30
U.S. 10-Yr	4.50	4.39	4.29
U.S. 30-Yr	4.96	4.91	4.43

S&P 500 Sector Total Returns - June 6, 2025

Sector	1-Wk	YTD	1-Yr
Industrials	1.42	10.38	20.46
Utilities	-0.96	8.03	18.41
Comm. Services	3.19	6.90	20.92
Consumer Staples	-1.48	6.85	11.22
Financials	0.69	6.59	26.21
Materials	1.58	5.26	-1.08
Real Estate	0.29	3.65	13.29
Info Tech	3.01	1.40	13.94
Energy	2.21	-1.76	-4.74
Health Care	1.27	-1.87	-6.57
Con. Discretion	-0.55	-6.48	18.45

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.86	3.85	3.59
U.S. AA	3.92	3.92	3.62
U.S. A	4.32	4.31	3.97
U.S. Baa	4.82	4.81	4.42
U.S. Municipal	4.05	4.04	3.74
Michigan	4.22	4.20	3.88

Index Characteristics	P/E	P/E NTM	Dividend Yield
S&P 500 - Large Cap	21.65	18.71	1.23
S&P 400 - Mid Cap	15.80	16.11	1.44
S&P 600 - Small Cap	15.08	15.39	1.67