



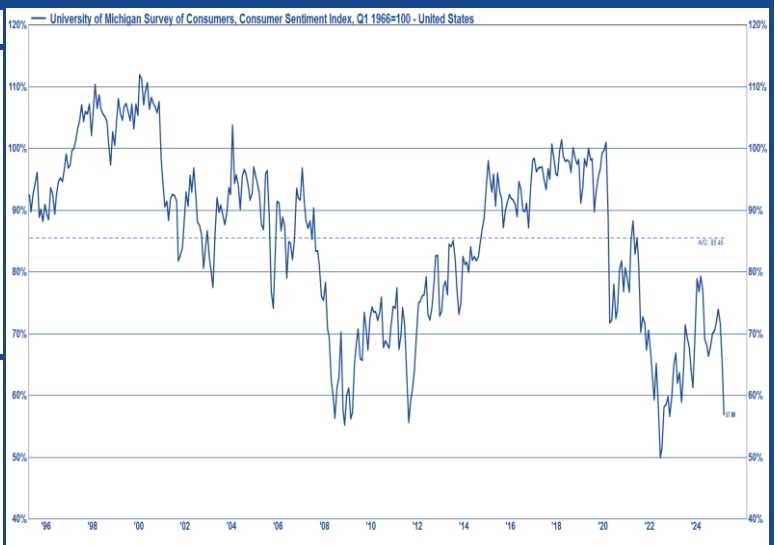
Economic & Market Commentary

Stocks finished mixed last week with as trade concerns continue to hang over the market. Tech stocks were particularly weak as Nvidia (-8.5%) announced it will take up to a \$5.5B charge in the wake of the US government's decision to impose license requirements for exports to China of its H2O AI chips. The White House also said China now faces a tariff of up to 245% on imports of certain goods to the US, higher than the 145% figure markets have been quoting and pricing in. China responded it will "fight to the end." While the Trump Administration touts "big" progress on trade talks with several allies, investors remain cautious as tariff uncertainty surrounds earnings growth, margin pressures, and how price pressures may impact already stretched consumers. Indeed, 2025 S&P 500 earnings estimates have declined significantly over the past month. At the end of last year, S&P 500 earnings were forecasted to grow 14.8%. As of last Friday, this earnings estimate stood at +10.0%, a -32.4% decline. While 10% earnings growth is considered "normalized", or in-line with historical averages, the trend is concerning as there is a high correlation between earnings growth and stock market performance. On the Fed policy front, last Wednesday Chair Powell had some hawkish takeaways after he reaffirmed that tariffs are "significantly larger than anticipated" and will likely pressure growth and push inflation higher. He also cited that tariff-driven inflation could have long-term persistent effects. There currently is a disconnect between the Fed and bond market participants on rate-cut expectations. Last month, the Fed forecasted two quarter-point rate cuts for 2025 bringing the target rate to 4.00%. As of this morning, Fed fund futures shows four rate cuts bringing the target rate down to 3.50%. Reporting in the month of June is going to be the first month that will fully show the initial impact of tariff-related policies and the markets and Fed will adjust accordingly.

Index Total Returns - April 18, 2025

	1-Wk	YTD	1-Yr
MSCI-Developed	4.10	6.60	9.71
MSCI-Emerging	2.15	-0.10	7.99
Dow Jones	-2.66	-7.56	5.54
S&P 500	-1.49	-9.83	6.62
S&P 400	0.82	-11.68	-1.57
Russell 2000	1.11	-15.35	-2.13
NASDAQ	-2.62	-15.50	4.59
Barclay's U.S. Bond Index			
Int. Gov. Credit	0.86	2.42	6.96
Aggregate	0.91	1.98	6.38
5-year Muni	0.63	-0.07	2.09
High Yield	1.26	-0.18	8.27
Municipal	1.12	-1.69	0.77

U of M - Consumer Sentiment



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	3.98	4.03	5.18
U.S. 2-Yr	3.80	3.96	4.99
U.S. 3-Yr	3.80	4.00	4.82
U.S. 5-Yr	3.94	4.14	4.68
U.S. 10-Yr	4.33	4.47	4.63
U.S. 30-Yr	4.80	4.85	4.73

S&P 500 Sector Total Returns - April 18, 2025

Sector	1-Wk	YTD	1-Yr
Consumer Staples	3.27	6.47	18.16
Utilities	3.09	3.52	25.25
Real Estate	5.32	0.11	17.22
Health Care	0.35	-1.10	-0.50
Materials	3.37	-2.95	-7.05
Financials	1.63	-3.04	19.45
Energy	5.84	-3.66	-10.23
Industrials	1.43	-4.58	5.09
Comm. Services	-1.87	-11.41	7.05
Info Tech	-1.19	-18.24	3.90
Con. Discretion	-2.18	-19.54	5.17

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.95	4.10	3.55
U.S. AA	4.02	4.18	3.57
U.S. A	4.38	4.52	3.96
U.S. Baa	4.86	5.00	4.49
U.S. Municipal	4.14	4.29	3.71
Michigan	4.25	4.41	3.86

Index Characteristics	P/E	P/E NTM	Dividend Yield
S&P 500 - Large Cap	19.19	18.63	1.39
S&P 400 - Mid Cap	13.96	15.98	1.59
S&P 600 - Small Cap	13.32	15.41	1.88