WEST SHORE BANK

WEEKLY RECAP - September 21, 2026

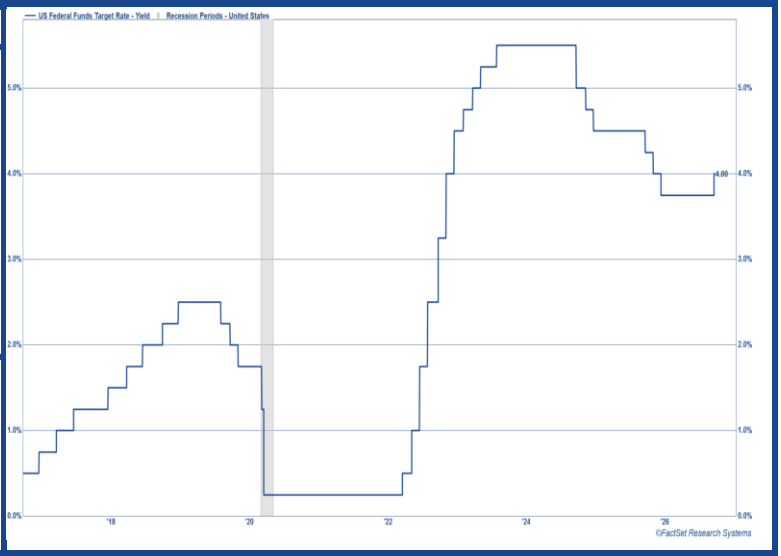
Economic & Market Commentary

Stocks finished mostly lower last week while Treasury yields continued their recent climb, pushing the 10-year Treasury yield to its highest intraday level (5.04%) since July 2007. The move higher in rates remained the dominant theme, weighing on equity valuations and reinforcing investor focus on inflation, monetary policy, and the outlook for economic growth. The Federal Reserve raised its target rate to 4.00%, while Fed Chair Kevin Warsh struck a notably hawkish tone, characterizing the move as a removal of accommodation rather than a shift to restrictive policy. Warsh argued that financial conditions remain supportive, citing robust credit growth and continued strength in labor markets, consumer spending, corporate earnings, and capital investment. He also emphasized that inflation remains above the Committee's comfort level, noting that many price categories continue to rise at rates exceeding 3% and that recent data have not shown meaningful improvement in underlying inflation trends. While labor market risks appear balanced, Warsh reiterated that inflation risks remain tilted to the upside and described restoring price stability as the Committee's "predominant focus." Addressing the recent surge in long-term interest rates, Warsh pointed to three primary factors. First, stronger economic growth has led investors to reassess the outlook for interest rates, with higher yields reflecting economic resilience rather than concerns about policy missteps. Second, the enormous capital demands associated with the artificial intelligence buildout have intensified competition for investment capital. Spending by major hyperscale technology firms is expected to remain elevated as the race to expand AI infrastructure continues. Finally, ongoing geopolitical tensions, including the conflict involving Iran and its impact on energy markets, have contributed to inflation concerns and increased uncertainty across global markets. Taken together, stronger economic growth, persistent inflation pressures, rising capital demand, and geopolitical uncertainty have combined to push long-term interest rates to levels not seen in nearly two decades, creating a more challenging backdrop for both stocks and bonds.

Index Total Returns - September 18, 2026

	1-Wk	YTD	1-Yr
MSCI-Emerging	-0.56	23.62	29.55
Russell 2000	-1.47	16.22	17.34
NASDAQ	0.73	14.61	18.74
S&P 500	-0.06	12.71	16.71
S&P 400	-1.67	11.46	11.82
MSCI-Developed	-1.58	10.73	16.62
Dow Jones	-1.65	8.82	13.83
Barclay's U.S. Bond Index			
High Yield	-0.28	1.73	2.98
5-year Muni	-0.35	-0.75	-0.84
Int. Gov. Credit	-0.17	-0.85	0.26
Aggregate	-0.03	-1.46	-0.44
Municipal	-0.31	-1.86	-0.67

Fed Funds Rate



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.41	4.32	3.61
U.S. 2-Yr	4.76	4.63	3.57
U.S. 3-Yr	4.84	4.72	3.56
U.S. 5-Yr	4.87	4.79	3.67
U.S. 10-Yr	5.01	4.97	4.11
U.S. 30-Yr	5.33	5.35	4.73

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	4.24	4.16	3.37
U.S. AA	4.27	4.18	3.41
U.S. A	4.56	4.48	3.80
U.S. Baa	5.04	4.95	4.46
U.S. Municipal	4.37	4.28	3.55
Michigan	4.44	4.36	3.71

S&P 500 Sector Total Returns - September 18, 2026

Sector	1-Wk	YTD	1-Yr
Energy	-1.24	45.61	48.25
Info Tech	1.06	24.96	30.39
Materials	-1.84	10.78	11.11
Industrials	-1.52	10.10	12.67
Health Care	1.85	9.84	24.79
Real Estate	-1.97	8.36	6.39
Consumer Staples	-0.64	7.67	6.68
Comm. Services	1.15	3.63	7.69
Financials	-2.33	3.02	4.98
Utilities	-3.02	-2.38	0.15
Con. Discretion	-1.48	-3.96	-4.13

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	19.27	19.50	1.03
S&P 400 - Mid Cap	15.11	16.65	1.24
S&P 600 - Small Cap	14.21	16.53	1.50

Sources: FactSet