



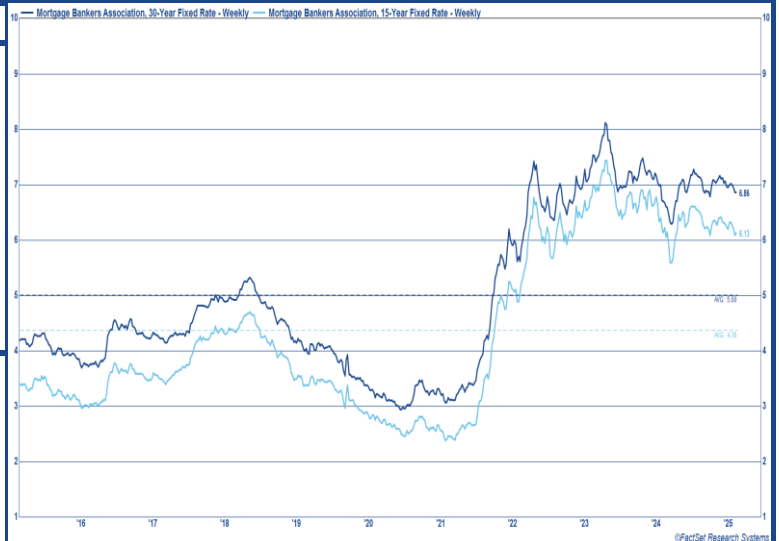
Economic & Market Commentary

Stocks finished mixed last week with small-cap and mid-cap outperforming with the big tailwind being the market repricing for a steeper Fed rate cut path after Fed Chair Powell's dovish Jackson Hole comments on Friday. Powell said policy is in restrictive territory, and the baseline outlook and the shifting balance of risks may warrant adjusting our policy stance. Markets took the comment as cementing a September rate cut, with odds now over 90%, with 0.50% of cuts now priced in through year end. Additionally, the S&P Global flash PMIs were stronger than expected, with manufacturing the highest in more than three years, while services ticked lower but came in better than expected. The report also noted hiring rose at the fastest pace in over three years. The latest batch of retail earnings also helped add support to the narratives around consumer resiliency and smaller-than-expected tariff impact. Wal-Mart revenue grew more than expected as management said it is keeping prices low by absorbing much of the tariff impact. Management said it has not seen a consumer pullback due to tariffs, but middle- and lower-income households have traded down. Before the Fed's rally on Friday, the bearish narrative prevailed. Bearish factors included cautious labor market data and hotter inflation data at the wholesale level adding to latest fears around stagflation. Stagflation is the simultaneous combination of high inflation and stagnant economic growth. Moreover, the latest updates from other retail companies (Home Depot, Target, Lowe's, TJ Maxx) broadly support the theme around consumer resilience and tariff mitigation, but cost pressures are expected to accelerate in 2H. Economic reports to be released this week include Monday's July new home sales, Tuesday's July durable goods and August Consumer Confidence, Thursday's July pending home sales, and Friday's July Personal Consumer Expenditures (PCE). PCE is the Fed's preferred inflation report.

Index Total Returns - August 22, 2025

	1-Wk	YTD	1-Yr
MSCI-Developed	0.84	24.58	17.42
MSCI-Emerging	-0.41	19.93	17.61
NASDAQ	-0.55	11.80	22.84
S&P 500	0.30	10.88	17.63
Dow Jones	1.59	8.42	14.04
Russell 2000	3.32	6.82	11.37
S&P 400	2.66	5.32	9.10
Barclay's U.S. Bond Index			
High Yield	0.27	5.88	8.27
Int. Gov. Credit	0.33	4.99	4.54
Aggregate	0.43	4.82	2.86
5-year Muni	0.14	3.87	3.73
Municipal	0.01	0.06	-0.10

MBA - Average U.S. Mortgage Rates



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	3.86	3.91	4.44
U.S. 2-Yr	3.69	3.75	4.01
U.S. 3-Yr	3.64	3.72	3.82
U.S. 5-Yr	3.76	3.84	3.72
U.S. 10-Yr	4.26	4.32	3.86
U.S. 30-Yr	4.88	4.92	4.13

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.74	3.74	3.31
U.S. AA	3.78	3.77	3.32
U.S. A	4.16	4.15	3.69
U.S. Baa	4.80	4.79	4.16
U.S. Municipal	3.91	3.91	3.45
Michigan	4.04	4.05	3.58

S&P 500 Sector Total Returns - August 22, 2025

Sector	1-Wk	YTD	1-Yr
Comm. Services	-0.88	17.08	33.11
Industrials	1.82	17.01	21.50
Utilities	0.53	15.30	17.83
Info Tech	-1.56	14.12	22.82
Financials	2.15	11.73	23.64
Materials	2.12	11.56	3.33
Consumer Staples	0.33	7.33	5.88
Real Estate	2.48	5.80	3.00
Energy	3.14	4.92	2.13
Con. Discretion	1.28	2.56	27.40
Health Care	1.47	1.38	-9.13
Index Characteristics	P/E	P/E NTM	Dividend
	NTM	10yr-Avg.	Yield
S&P 500 - Large Cap	22.44	18.86	1.15
S&P 400 - Mid Cap	16.35	16.22	1.36
S&P 600 - Small Cap	15.72	15.33	1.51