



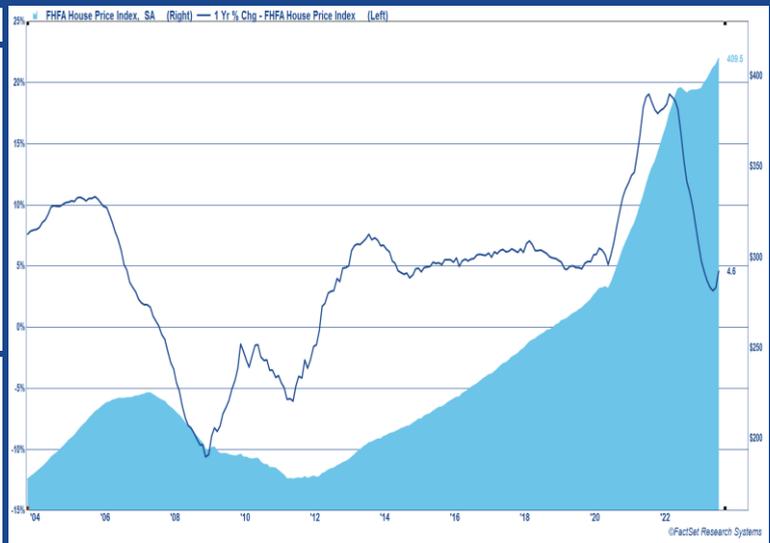
Economic & Market Commentary

The fallout from the higher for longer rate narrative continued to pressure markets last week. Bond yields on the long end of the yield curve continued to move higher. The 10yr treasury note rose to an intra-day high of 4.69% before falling back but still ended the week 14 points higher to yield 4.57%, which is a level last seen in October 2007. Stocks were mixed as mid-cap and small-cap stocks posted slight gains while large-cap stocks lagged. For the month of September, stocks fell sharply with the S&P 500 tanking -4.77%. In addition to the higher for longer narrative, there were a number of other bearish talking points in September, including more discussion about consumer headwinds from depleted excess savings, resumption of student loan payments, the rise in gasoline prices, inflation reacceleration risks from auto, housing and insurance costs, the UAW strike against the Big Three US automakers, deficit concerns, and the looming US government shutdown, which was averted with a short-term funding gap bill. Bonds didn't fare much better last month as yields rose across the curve sending the Bloomberg U.S. Aggregate Index down -2.54%. The silver lining in all of this is that short-term rates are likely to be stable in the near-term as the both the Fed and the bond market are forecasting short-term rates to be on hold into the early part of next year with a roughly 38% chance of one additional rate hike. For now, it appears the Fed is done raising rates, but this could change depending on how the data develops between now and year end. The long end of the curve still has room to move higher but even this will likely be capped with the 10yr yielding somewhere between 4.75% and 5.50%. The declining inflation trend is the reason for the long-end cap. Real rates (rates less inflation) have been rising significantly, and if inflation continues to move lower the Fed would have room to lower rates thereby steepening the yield curve and capping long-end.

Index Total Returns - September 29, 2023

	1-Wk	YTD	1-Yr
NASDAQ	0.07	27.11	26.11
S&P 500	-0.71	13.07	21.62
MSCI-Developed	-1.43	7.08	25.65
S&P 400	0.33	4.27	15.51
Dow Jones	-1.34	2.73	19.18
Russell 2000	0.55	2.54	8.93
MSCI-Emerging	-1.14	1.82	11.70
Barclay's U.S. Bond Index			
High Yield	-0.42	5.86	10.28
Int. Gov. Credit	-0.24	0.65	2.20
5-year Muni	-0.99	-0.86	2.16
Aggregate	-0.96	-1.21	0.64
Municipal	-1.53	-1.38	2.66

FHFA House Price Index



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	5.47	5.45	3.80
U.S. 2-Yr	5.04	5.10	4.17
U.S. 3-Yr	4.80	4.81	4.19
U.S. 5-Yr	4.61	4.57	3.98
U.S. 10-Yr	4.57	4.43	3.75
U.S. 30-Yr	4.70	4.52	3.70

S&P 500 Sector Total Returns - September 29, 2023

Sector	1-Wk	YTD	1-Yr
Communication Services	-0.02	40.43	38.48
Info Tech	-0.08	34.72	41.10
Consumer Discretionary	-0.27	26.67	13.77
Energy	1.31	6.03	30.21
Industrials	-0.44	4.50	24.58
Materials	0.24	2.61	18.05
Financials	-1.55	-1.65	11.73
Health Care	-1.10	-4.09	8.18
Consumer Staples	-1.98	-4.76	7.35
Real Estate	-1.39	-5.52	-1.91
Utilities	-6.92	-14.41	-7.02

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	4.13	3.86	3.74
U.S. AA	4.16	3.89	3.88
U.S. A	4.64	4.38	4.38
U.S. Baa	5.17	4.93	4.86
U.S. Municipal	4.32	4.06	4.04
Michigan	4.46	4.20	4.13

Index Characteristics	P/E	P/E NTM	Dividend Yield
S&P 500 - Large Cap	17.94	17.76	1.57
S&P 400 - Mid Cap	12.99	15.61	1.63
S&P 600 - Small Cap	12.35	15.39	1.95