



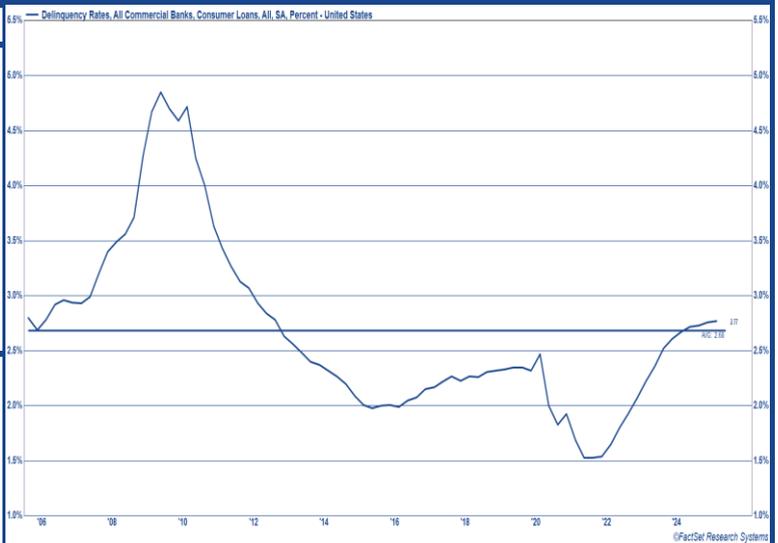
Economic & Market Commentary

Even though there was some clarity with the passage of the OBBB reconciliation bill, stock and bond markets finished lower last week as tariffs once again dominated the headlines. The administration announced a slew of tariff actions last week set to go in effect August 1st. Most notably, a 25% tariff on Japan and South Korea, 50% tariff on Brazil, and 50% tariff on copper. Additionally, it was announced that Canada would be hit with a 35% tariff rate on August 1st along with talk about a higher baseline tariff of 15-20% on most trading partners. While trade headlines leaned more hawkish, the market still seems to be more focused on potential trade policy off-ramps as market reactions were much more muted than back in late March and early April. Over the weekend, despite progress on trade negotiations, President Trump issued letters to the European Union and Mexico threatening 30% tariff rates effective August 1st. Given the trade progress, both were surprised by the action but remain committed to trade negotiations. Stock futures this morning are modestly lower on the weekend news. In other tariff-related news, the U.S. government posted a \$27 billion budget surplus in June 2025, driven primarily by a significant increase in tariff revenues and a reduction in government spending. Customs duties from tariffs surged to \$26.6-\$27.2 billion, up 279-301% from June 2024, largely due to President Trump's 10% across-the-board import tariffs implemented in April, alongside targeted reciprocal tariffs. Total federal revenues rose 13% year-over-year to \$526-\$527 billion, boosted by these tariffs and strong tax collections. Government spending dropped by \$187 billion (27%) from May to \$499-\$501 billion, partly due to calendar adjustments shifting some payments to May, as June 1 fell on a Sunday. These factors combined to create the first June surplus since at least 2005. It will be interesting to see if ↑ tariff revenue translates to higher inflation in June.

Index Total Returns - July 11, 2025

	1-Wk	YTD	1-Yr
MSCI-Developed	-0.36	19.18	13.14
MSCI-Emerging	-0.58	16.07	11.75
S&P 500	-0.29	7.18	13.59
NASDAQ	-0.07	6.99	13.38
Dow Jones	-1.01	5.25	13.58
S&P 400	-0.58	2.48	7.59
Russell 2000	-0.62	0.94	6.61
Barclay's U.S. Bond Index			
High Yield	-0.22	4.55	9.28
Int. Gov. Credit	-0.11	3.61	5.20
Aggregate	-0.37	3.18	3.86
5-year Muni	0.28	2.72	4.13
Municipal	0.11	-0.26	0.67

U.S. Consumer Delinquency



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.07	4.07	4.89
U.S. 2-Yr	3.89	3.88	4.51
U.S. 3-Yr	3.87	3.84	4.27
U.S. 5-Yr	3.98	3.94	4.13
U.S. 10-Yr	4.42	4.35	4.20
U.S. 30-Yr	4.95	4.86	4.41

S&P 500 Sector Total Returns - July 11, 2025

Sector	1-Wk	YTD	1-Yr
Industrials	0.59	14.78	23.53
Utilities	0.77	10.49	20.09
Info Tech	0.17	9.82	13.08
Materials	-0.27	9.63	3.67
Comm. Services	-1.07	9.41	19.78
Financials	-1.90	8.86	25.49
Energy	2.48	6.14	2.21
Consumer Staples	-1.77	5.52	10.44
Real Estate	-0.57	3.85	8.33
Health Care	-0.27	-0.83	-6.66
Con. Discretion	0.14	-2.10	16.90

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.76	3.77	3.49
U.S. AA	3.80	3.83	3.50
U.S. A	4.20	4.23	3.87
U.S. Baa	4.74	4.75	4.32
U.S. Municipal	3.93	3.96	3.63
Michigan	4.09	4.11	3.74

Index Characteristics	P/E	P/E NTM	Dividend Yield
S&P 500 - Large Cap	22.32	18.78	1.18
S&P 400 - Mid Cap	16.21	16.13	1.39
S&P 600 - Small Cap	15.65	15.31	1.58