



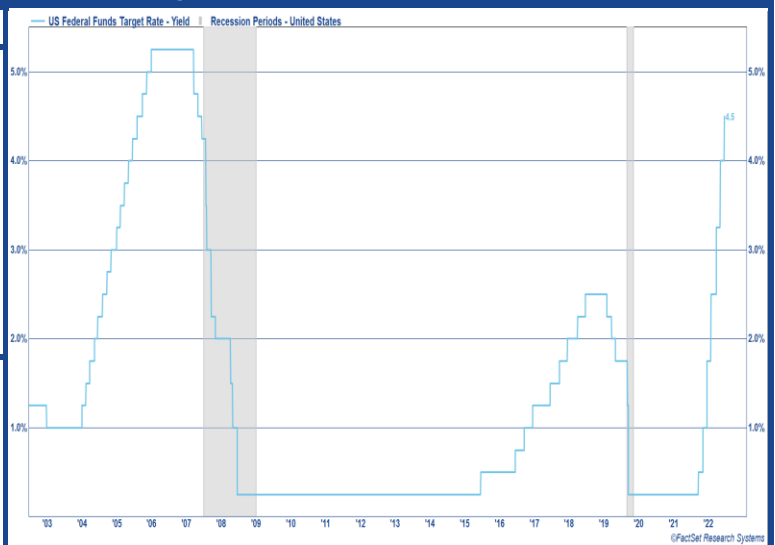
Economic & Market Commentary

Today's Weekly will follow the theme of the 1960s film *The Good, the Bad, and the Ugly*. **The Good** - Inflation in November came in lower than expected marking the second consecutive month of lower inflation readings. For the month, inflation rose +0.10% vs +0.30% expected while over the last 12 months it rose +7.1% vs. +7.3% expected. At the core level, which excludes food and energy, the outcome was the same. For the month, core inflation rose +0.20% vs +0.30% expected while over the last 12 months it rose +6.0% vs. +6.1% expected. Stock and bond markets rallied on the good news, but the rally was short-lived. **The Bad** - After a strong October, November retail sales came in much lower than expected falling -.60% vs. -.10% expected. Weakness was widespread as most major categories saw declines including autos, electronics, building materials, clothing, sporting goods, department stores, and non-store retailers (internet sales). Those segment posting gains were food and beverage and health/personal care. One month is not a trend but perhaps the Fed's strategy to lower demand is starting to have its intended affect. **The Ugly** - As expected, the Fed raised rates +0.50% to 4.50%, but to the disappointment of investors, unexpectedly raised their target rate and other forecasts, and gave no indication they are close to taking the foot off the rate hike gas pedal. Comparing their December FOMC economic projections to last September, the target rate increased +0.75% to 5.25% from 4.50%, the 2023 GDP growth rate went from 1.2% to +0.5%, the unemployment rate went from +4.4% to +4.6%, and inflation projections actually went up as well with headline rising from +2.8% to +3.1% and core rising from +3.1% to +3.5%. Additionally, the Fed indicated it is unlikely to lower rates in 2023. The bond market indicates otherwise and is capping the Fed target rate at 5.00% in the first half of 2022 with rate cuts starting in late 2023.

Index Total Returns - December 16, 2022

	1-Wk	YTD	1-Yr
Dow Jones	-1.65	-7.50	-6.36
S&P 400	-2.09	-13.62	-10.07
MSCI-Developed	-2.13	-14.81	-13.45
S&P 500	-2.05	-17.88	-16.13
MSCI-Emerging	-2.10	-20.14	-19.49
Russell 2000	-1.81	-20.40	-16.92
NASDAQ	-2.70	-31.02	-28.90
Barclay's U.S. Bond Index			
5-year Muni	0.16	-4.91	-4.84
Int. Gov. Credit	0.57	-7.28	-7.40
Municipal	0.24	-7.81	-7.73
High Yield	0.03	-9.96	-9.34
Aggregate	0.80	-11.13	-11.19

Fed Funds Target Rate



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.64	4.75	0.25
U.S. 2-Yr	4.20	4.34	0.61
U.S. 3-Yr	3.90	4.08	0.91
U.S. 5-Yr	3.62	3.75	1.17
U.S. 10-Yr	3.48	3.56	1.42
U.S. 30-Yr	3.53	3.55	1.86

S&P 500 Sector Total Returns - December 16, 2022

Sector	1-Wk	YTD	1-Yr
Energy	1.78	57.73	59.55
Utilities	-0.51	0.71	2.14
Consumer Staples	-1.40	-0.93	0.62
Health Care	-1.77	-2.59	-0.79
Industrials	-1.02	-6.07	-4.29
Materials	-2.31	-11.23	-8.95
Financials	-2.46	-12.44	-12.93
Real Estate	-2.09	-25.88	-22.86
Info Tech	-2.65	-26.60	-24.32
Consumer Discretionary	-3.62	-34.85	-32.41
Communication Services	-2.47	-39.60	-38.97

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.07	3.08	0.96
U.S. AA	3.21	3.23	1.02
U.S. A	3.78	3.82	1.28
U.S. Baa	4.38	4.39	1.55
U.S. Municipal	3.40	3.42	1.12
Michigan	3.56	3.57	1.21

Index Characteristics	P/E	P/E NTM	Dividend Yield
S&P 500 - Large Cap	16.78	17.36	1.64
S&P 400 - Mid Cap	12.73	15.53	1.54
S&P 600 - Small Cap	12.23	16.29	1.60