



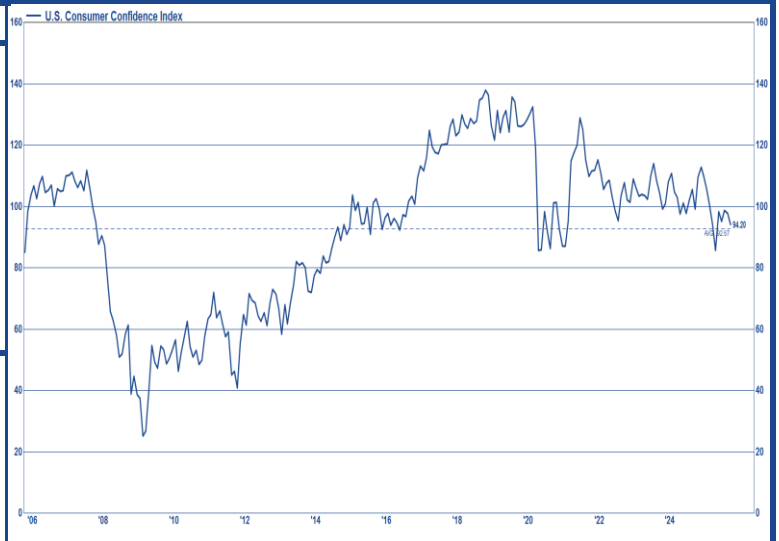
Economic & Market Commentary

The U.S. Government shut down last week amid contentious budget negotiations and the media went into instant fear mongering mode. How did the stock market react? It rallied, as usual. Equity market performance has historically been unfazed by shutdowns. According to FactSet research, since 1980 the S&P 500 was higher after 12 months 86% of the time, posting a median return of +12.3%. The government shutdown is a big nothing burger with a side of zilch fries and a diet coke. At the micro level there are individuals, families, and business affected, but the scale of this impact is small relative to the macroeconomic level. A little history is helpful. Including the ongoing one that began on October 1, 2025, there have been 21 U.S. federal government shutdowns since 1980. These shutdowns stem from funding gaps when Congress fails to pass appropriations bills or the president does not sign them into law, leading to furloughs of non-essential federal workers and curtailed services. Many of the earlier shutdowns lasted only 2-3 days but the more recent trend is to last longer due to partisan gridlock. The longest shutdown was under President Trump's first term which lasted 35 days, from December 22, 2018, to January 25, 2019. The Congressional Budget Office (CBO) estimated this shutdown reduced U.S. GDP by \$11 billion, with \$3 billion in direct economic activity lost and \$8 billion in indirect effects. This equated to a 0.1% reduction in GDP for the fourth quarter of 2018 and a 0.2% reduction in the first quarter of 2019. Approximately 800,000 federal employees were furloughed or worked without pay. Important to note that most economic losses were temporary, as federal workers received back pay, boosting spending in early 2019. The CBO noted that roughly \$8 billion of the GDP loss was recoverable as delayed projects and spending resumed. The bigger impact is on the confidence and full faith and credit of U.S. debt as, once again, our "leaders" show the inability to govern properly and effectively.

Index Total Returns - October 3, 2025

	1-Wk	YTD	1-Yr
MSCI-Emerging	3.67	30.18	19.53
MSCI-Developed	2.70	27.13	19.15
NASDAQ	1.33	18.57	27.99
S&P 500	1.11	15.32	19.38
Russell 2000	1.78	12.20	15.14
Dow Jones	1.11	11.34	13.21
S&P 400	0.71	6.60	8.12
Barclay's U.S. Bond Index			
High Yield	0.23	7.34	7.63
Aggregate	0.46	6.39	3.43
Int. Gov. Credit	0.31	5.86	4.35
5-year Muni	0.09	4.58	3.30
Municipal	0.33	2.86	1.30

U.S. Consumer Confidence



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	3.63	3.66	4.00
U.S. 2-Yr	3.58	3.64	3.71
U.S. 3-Yr	3.59	3.65	3.62
U.S. 5-Yr	3.72	3.77	3.63
U.S. 10-Yr	4.12	4.18	3.85
U.S. 30-Yr	4.71	4.76	4.18

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.47	3.50	3.12
U.S. AA	3.52	3.54	3.15
U.S. A	3.88	3.91	3.51
U.S. Baa	4.53	4.56	4.02
U.S. Municipal	3.64	3.67	3.28
Michigan	3.82	3.84	3.44

S&P 500 Sector Total Returns - October 3, 2025

Sector	1-Wk	YTD	1-Yr
Info Tech	2.26	23.40	31.31
Comm. Services	-2.08	23.06	33.68
Utilities	2.43	19.94	12.38
Industrials	1.20	18.45	16.57
Financials	-0.23	12.45	21.51
Materials	1.13	9.44	-2.44
Health Care	6.86	6.72	-2.71
Energy	-3.35	6.61	-0.96
Real Estate	0.42	5.98	-0.48
Con. Discretion	-0.81	4.45	22.45
Consumer Staples	-0.31	3.15	1.70

Index Characteristics	P/E	P/E NTM	Dividend
	NTM	10yr-Avg.	Yield
S&P 500 - Large Cap	22.96	18.96	1.10
S&P 400 - Mid Cap	16.33	16.26	1.32
S&P 600 - Small Cap	15.53	15.88	1.51