



Economic & Market Commentary

Last week stock markets experienced modest losses amidst mixed economic signals and geopolitical tensions. Early in the week optimism rose from U.S.-China trade talks and easing tariff concerns. U.S.-China trade negotiations advanced, with a preliminary deal securing rare earth metal supplies, though China imposed a six-month export license limit. However, Friday's market sentiment turned very cautious due to escalating Middle East tensions, particularly Israel's airstrikes on Iran's nuclear facilities and Iran's retaliatory actions, which drove oil prices to around \$74 per barrel and bolstered safe-haven assets like bonds with U.S. Treasury yields dipping below 4.4%, although bond yields pushed higher from intra-day lows as the day progressed on rising inflation concerns. Economic developments included softer-than-expected U.S. inflation data. The Bureau of Labor Statistics reported that consumer prices rose by a modest +0.10% in May (+0.20%), with annual inflation at +2.4%, lower than expected (+2.5%) due to cheaper gasoline offsetting higher housing costs, signaling muted underlying price pressures. The better-than-expected inflation reading didn't change expectations of two second-half Federal Reserve rate cuts in 2025, with still only a 15% probability of a 25-basis-point cut in July. Consumer sentiment showed signs of rebounding, with the University of Michigan's June preliminary Consumer Sentiment Index rising eight points to 60.5 suggesting improved expectations despite tariff concerns. On the labor front, weekly jobless claims rose modestly again signaling labor market weakness. The U.S. trade deficit narrowed to \$77 billion, below expectations, as imports fell sharply. The federal budget deficit reached \$316 billion in May, reflecting ongoing fiscal challenges and expected \$2.0 trillion deficit this fiscal year. Overall, markets balanced optimism from trade progress against mixed economic signals, rising geopolitical risks, and policy uncertainties.

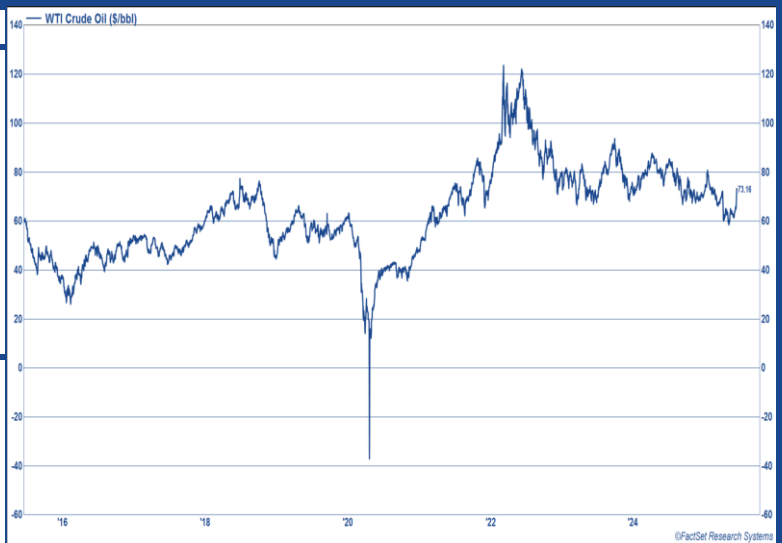
Index Total Returns - June 13, 2025

	1-Wk	YTD	1-Yr
MSCI-Developed	-0.17	17.52	14.91
MSCI-Emerging	0.75	12.04	13.38
S&P 500	-0.36	2.25	11.50
NASDAQ	-0.61	0.82	10.62
Dow Jones	-1.30	-0.01	11.13
S&P 400	-1.40	-2.99	4.05
Russell 2000	-1.45	-5.23	4.45

Barclay's U.S. Bond Index

	1-Wk	YTD	1-Yr
High Yield	0.15	3.17	8.80
Int. Gov. Credit	0.46	3.09	5.43
Aggregate	0.67	2.68	4.00
5-year Muni	0.23	1.77	3.82
Municipal	0.25	-0.80	0.61

Oil Prices



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.08	4.14	5.06
U.S. 2-Yr	3.95	4.04	4.69
U.S. 3-Yr	3.91	4.02	4.43
U.S. 5-Yr	4.01	4.12	4.24
U.S. 10-Yr	4.41	4.50	4.24
U.S. 30-Yr	4.90	4.96	4.40

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.82	3.86	3.53
U.S. AA	3.89	3.92	3.56
U.S. A	4.29	4.32	3.92
U.S. Baa	4.79	4.82	4.37
U.S. Municipal	4.02	4.05	3.68
Michigan	4.18	4.22	3.81

S&P 500 Sector Total Returns - June 13, 2025

Sector	1-Wk	YTD	1-Yr
Industrials	-1.58	8.64	18.39
Utilities	0.28	8.33	19.75
Comm. Services	-0.77	6.08	20.52
Consumer Staples	-1.07	5.70	11.95
Materials	-0.48	4.76	-0.58
Energy	5.79	3.92	2.76
Financials	-2.58	3.84	24.57
Real Estate	0.03	3.68	12.65
Info Tech	-0.07	1.32	7.31
Health Care	1.29	-0.61	-5.21
Con. Discretion	0.08	-6.40	17.93

Index Characteristics	P/E	P/E NTM	Dividend
	NTM	10yr-Avg.	Yield
S&P 500 - Large Cap	21.53	18.73	1.24
S&P 400 - Mid Cap	15.52	16.11	1.47
S&P 600 - Small Cap	14.85	15.38	1.69