



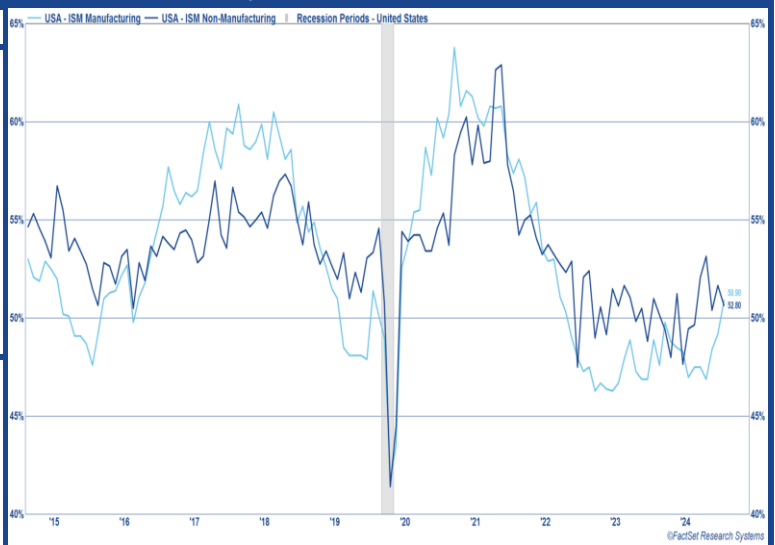
Economic & Market Commentary

Economic data released last week suggests the economy is still on course for moderate economic growth in 2025 but also for stubborn inflation. Indeed, the Federal Reserve Bank of Atlanta GDPNow indicator shows U.S. economic activity in first quarter 2025 is on pace for 2.9% growth. January Institute for Supply Management (ISM) reports marked a significant turnaround for manufacturing while the services sector experienced moderated growth. ISM Manufacturing registered 50.9% in January, a significant increase of 1.7 percentage points from the seasonally adjusted 49.2% in December. Reading above 50% generally signals expansion and below 50% contraction. This marks the first expansion after 26 consecutive months of contraction, indicating a positive shift in manufacturing activity. The New Orders Index rose to 55.1%, up three percentage points from December's 52.1%. This is the third consecutive month of expansion, suggesting strengthening demand in the manufacturing sector. The Prices Index increased to 54.9%, up 2.4 percentage points from December's 52.5%. This marks the fourth consecutive month of rising raw materials prices. ISM Services decreased to 52.8% in January from 54% in December, indicating slower growth in the services sector. This result was below expectations of 54.2%, reflecting a moderation in activity. Survey respondents' comments highlighted preparations for 2025 projects and increased customer spending, though some expressed concerns about potential tariffs driving up prices. On the labor front, the U.S. economy added 143,000 non-farm payroll jobs in January 2025, which fell short of economists' expectations of around 170,000 jobs. However, November and December 2024 job gains were revised sharply upward by a combined 100,000 jobs. November revised to 261,000 from 212,000, and December to 307,000 from 256,000. The unemployment rate dropped to 4.0% while hourly wage growth rose 0.5% for the month and 4.1% y/y. Solid wage growth along with rising raw material prices do not bode well for Federal Reserve rate cuts.

Index Total Returns - February 7, 2025

	1-Wk	YTD	1-Yr
MSCI-Developed	0.24	5.50	10.01
Dow Jones	-0.54	4.22	16.67
MSCI-Emerging	1.40	3.21	13.25
S&P 400	-0.99	2.82	17.85
S&P 500	-0.23	2.55	22.30
Russell 2000	-0.33	2.28	18.49
NASDAQ	-0.53	1.13	24.80
Barclay's U.S. Bond Index			
High Yield	0.00	1.36	9.61
5-year Muni	0.39	1.04	2.67
Municipal	0.43	0.94	2.68
Aggregate	0.39	0.92	3.35
Int. Gov. Credit	0.05	0.62	4.04

ISM Business Activity



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.23	4.15	4.82
U.S. 2-Yr	4.29	4.20	4.43
U.S. 3-Yr	4.31	4.24	4.20
U.S. 5-Yr	4.34	4.33	4.07
U.S. 10-Yr	4.49	4.55	4.12
U.S. 30-Yr	4.69	4.80	4.32

S&P 500 Sector Total Returns - February 7, 2025

Sector	1-Wk	YTD	1-Yr
Financials	0.65	7.25	34.60
Comm. Services	-2.12	6.80	35.17
Health Care	-0.31	6.46	3.10
Materials	-0.56	4.99	8.12
Industrials	-0.78	4.22	19.46
Consumer Staples	1.58	3.65	15.75
Utilities	0.30	3.24	33.50
Energy	1.09	3.19	9.10
Real Estate	1.29	3.15	14.09
Con. Discretion	-3.58	0.67	29.72
Info Tech	0.83	-2.10	23.36

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.45	3.52	3.22
U.S. AA	3.48	3.56	3.24
U.S. A	3.85	3.92	3.73
U.S. Baa	4.34	4.40	4.36
U.S. Municipal	3.61	3.68	3.41
Michigan	3.73	3.81	3.57

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	22.03	18.54	1.19
S&P 400 - Mid Cap	16.22	15.95	1.34
S&P 600 - Small Cap	15.89	15.74	1.53