



Economic & Market Commentary

After starting last week down sharply due to new tariffs threats and intensifying geopolitical concerns, stocks finished the week slightly-to-modestly lower after these concerns lessened. Stocks have posted three consecutive years of strong returns and entered this year with stretched valuations. While the markets are overdue for a meaningful pullback, underlying fundamentals remain supportive of future advances. Last week the final estimate of third-quarter GDP showed the U.S. economy grew at a 4.4% annual pace. Consumer spending was the largest contributor, as it grew at a solid annual pace of 3.5%, supported by resilient household demand for goods and services. Historically, consumer spending comprises roughly 68% of U.S. GDP. Net exports gave an unusually significant boost, adding substantially about 1.6% of the 4.4% growth. Exports rebounded strongly (up 9.6%), while imports declined (down 4.4%), partly reflecting trade dynamics and policy shifts like tariffs. Important to note that imports are subtracted from U.S. GDP while exports are added. Historically, net trades have been a detractor to growth of about -4% as we typically run a trade deficit due to being a large importer of goods, especially from China, Canada, and Mexico. There was also strength in business investment as equipment spending, AI-related investments, and non-residential investment all posted solid gains. Furthermore, the Federal Reserve Bank of Atlanta GDPNow report estimates first-quarter 2026 economic growth of 5.4%. The other vital fundamental driver is corporate earnings growth, and current 2026 S&P 500 consensus estimate is for +14.7% growth with low-to-high teen % growth each quarter. 2025 earnings are estimated to finish at a solid +12.0% and the bulk of S&P 500 fourth-quarter earnings will be released over the next few weeks. Analysts will be closely watching for 2026 company guidance.

Index Total Returns - January 23, 2026

	1-Wk	YTD	1-Yr
Russell 2000	-0.32	7.58	16.89
MSCI-Emerging	1.09	6.93	41.89
S&P 400	-0.54	5.54	7.96
MSCI-Developed	0.14	3.60	31.38
Dow Jones	-0.50	2.23	12.09
NASDAQ	-0.06	1.13	17.95
S&P 500	-0.34	1.10	14.49

Barclay's U.S. Bond Index

5-year Muni	-0.05	0.77	5.55
High Yield	0.10	0.67	8.17
Municipal	-0.28	0.64	4.97
Aggregate	0.07	0.08	7.45
Int. Gov. Credit	0.07	-0.09	6.77

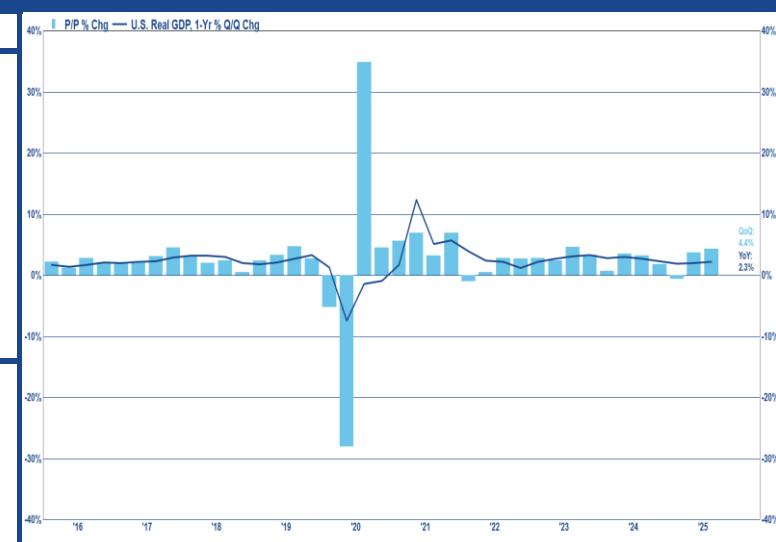
U.S. Treasury Yields

Treasury Yields	Latest	Week	1-Year
	Close	Ago	Ago
U.S. 1-Yr	3.53	3.55	4.18
U.S. 2-Yr	3.60	3.60	4.29
U.S. 3-Yr	3.67	3.66	4.35
U.S. 5-Yr	3.83	3.82	4.45
U.S. 10-Yr	4.23	4.23	4.64
U.S. 30-Yr	4.83	4.84	4.87

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest	Week	1-Year
	Close	Ago	Ago
U.S. AAA	3.33	3.28	3.60
U.S. AA	3.35	3.30	3.64
U.S. A	3.76	3.71	3.99
U.S. Baa	4.41	4.37	4.50
U.S. Municipal	3.49	3.44	3.76
Michigan	3.62	3.58	3.88

U.S. GDP



S&P 500 Sector Total Returns - January 23, 2026

Sector	1-Wk	YTD	1-Yr
Energy	3.12	10.14	19.70
Materials	2.57	10.03	21.62
Consumer Staples	0.99	6.80	10.97
Industrials	-1.60	5.88	26.45
Con. Discretion	0.67	3.18	9.41
Real Estate	-2.36	2.11	5.33
Health Care	1.12	1.74	16.59
Comm. Services	1.06	1.58	35.66
Utilities	-1.95	-0.31	15.68
Info Tech	-0.77	-1.31	22.41
Financials	-2.51	-3.10	11.46
Index Characteristics	P/E	P/E NTM	Dividend Yield
S&P 500 - Large Cap	22.24	19.17	1.09
S&P 400 - Mid Cap	16.61	16.28	1.25
S&P 600 - Small Cap	15.78	16.16	1.48