



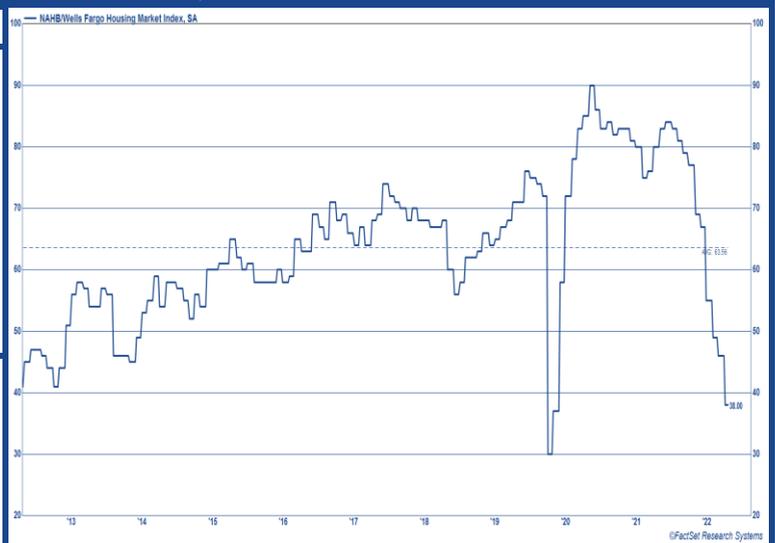
Economic & Market Commentary

Stock markets managed to stage a sharp rally last week. However, there is still much skepticism over the durability of the rally given still-elevated inflation, more data showing labor market resilience, and ongoing risks to earnings estimates. Longer-dated bond yields continued their march higher last week while the shorter-dated bonds held steady thanks to a WSJ article by Nick Timiraos last Friday, noting the Fed is set to hike rates by +0.75% at the Nov 2nd meeting, but officials could also be entertaining a +0.50% hike in December. As of this morning, the CBOE FedWatch Tool shows a 93.7% probability of a +0.75% rate hike on November 2nd and basically a 50% chance of either a +0.50% or +0.75% hike on December 14th. The December rate hike is largely going to be dependent on November labor and inflation readings due out on December 2nd and December 13th, respectively. To bring inflation under control, the Fed is seeking to bring demand and supply back into balance and data last week showed clear evidence of a weakening housing market. Rising mortgage rates have wreaked havoc within the housing space. Home builder optimism dropped to 38, its lowest level since May 2020. At the beginning of the year, this measure stood at a whopping 83. Existing home sales in September sagged for the eighth straight month to an annually adjusted rate of 4.71 million. Sales slipped -1.5% from August and -23.8% from the same period one-year ago. Housing inventory remains scarce with only 1.25 million units available, which NAR Chief Economist Lawrence Yun states, "is in sharp contrast with the previous major market downturn from 2008 to 2010, when inventory levels were four times higher than they are today." This scarcity has helped to keep home prices from falling sharply. Monthly home prices have declined sequentially but with an average price of \$384,000 are still +8.4% higher from the previous year's price of \$355,000. Expect home prices to continue their trend lower.

Index Total Returns - October 21, 2022

	1-Wk	YTD	1-Yr
Dow Jones	4.93	-13.04	-10.89
S&P 400	2.99	-17.60	-15.93
S&P 500	4.75	-20.25	-16.23
Russell 2000	3.57	-21.58	-23.12
MSCI-Developed	0.55	-26.28	-25.91
MSCI-Emerging	0.21	-28.03	-31.19
NASDAQ	5.22	-30.16	-28.09
Barclay's U.S. Bond Index			
5-year Muni	-0.54	-8.10	-7.82
Int. Gov. Credit	-0.25	-10.57	-10.39
Municipal	-1.20	-12.44	-11.47
High Yield	0.28	-14.25	-13.52
Aggregate	-1.07	-16.74	-16.11

Home Builder Optimism



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.60	4.29	0.11
U.S. 2-Yr	4.51	4.50	0.43
U.S. 3-Yr	4.52	4.49	0.77
U.S. 5-Yr	4.36	4.27	1.21
U.S. 10-Yr	4.22	4.01	1.68
U.S. 30-Yr	4.30	3.97	2.13

S&P 500 Sector Total Returns - October 21, 2022

Sector	1-Wk	YTD	1-Yr
Energy	8.08	63.02	59.97
Consumer Staples	2.28	-8.84	0.27
Health Care	2.30	-9.11	-1.99
Utilities	1.95	-9.59	-2.54
Industrials	4.68	-15.10	-13.65
Financials	3.93	-16.38	-18.12
Materials	6.15	-18.85	-13.00
Info Tech	6.49	-28.16	-21.23
Consumer Discretionary	5.66	-29.74	-26.19
Real Estate	2.79	-31.47	-24.39
Communication Services	5.03	-36.09	-38.04

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.79	3.62	1.06
U.S. AA	3.95	3.77	1.11
U.S. A	4.51	4.31	1.36
U.S. Baa	5.03	4.82	1.65
U.S. Municipal	4.13	3.94	1.21
Michigan	4.22	4.04	1.31

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	16.09	17.31	1.67
S&P 400 - Mid Cap	11.79	15.53	1.55
S&P 600 - Small Cap	11.15	16.33	1.56