



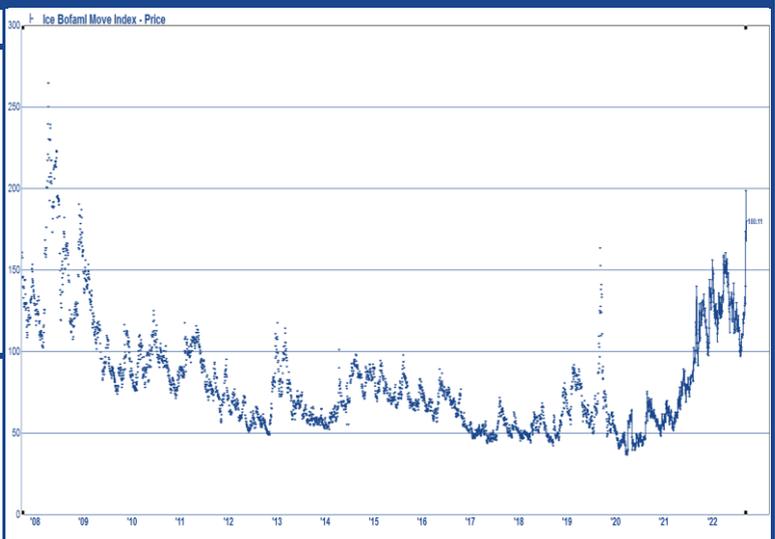
Economic & Market Commentary

Stock markets finished mixed last week while bonds rallied in another volatile week of trading. The fallout from U.S. financial sector turmoil expanded to the Eurozone bringing down already-troubled Credit Suisse (CS), one of the oldest banks in Europe. On my first trip to New York in 1991 as a fresh-faced green fixed income portfolio manager, our first stop was with the CS First Boston trading desk, which was CS's investment banking arm, run by Karl Heinz Mueller. The energy was electric, and Karl was showing us a new feature CS had installed on Bloomberg and it didn't work. Karl barked, "Colleen, why is the new PSA option not working?!", and a head quickly popped up at the far end of the trading desk and shouted, "I'm on it, Karl!" We also visited the trading desks of Lehman, Bear Stearns, J.P Morgan, Merrill, and Morgan Stanley that trip. During 2008 financial crisis, Lehman and Bear Stearns succumbed to the stress of tightening financial conditions as investors quickly lost faith in their viability. CS survived that crisis and actually emerged stronger. Since then, CS has had numerous material missteps which weakened them financially, culminating in them being bought by UBS this weekend. There are a couple of good articles in the WSJ today on CS highlighting their history and missteps. Financial conditions have tightened over the past couple of weeks, but most measures remain tame relative to 2008. The VIX Index, which measures expected stock volatility, reached a peak closing level of 26.52 last week. In 2008, the peak was 80.86. Credit spreads, which are how corporate bonds trade, have widened to 534.5 bps and 147.4 bps for high yield and single-A investment grade bonds, respectively. In 2008, the peaks were 2,127.1 bps and 610.9 bps, respectively. The MOVE Index, which is the bond equivalent to the VIX, is at 180.1. In 2008, it peaked at 264.6. The Fed meets this week to set the target rate and give their latest economic projections. Given the financial turmoil and inflation, whether they raise rates this week is a pick'em. Expect volatility to accompany the Fed's statement, projections, and press conference on Wednesday.

Index Total Returns - March 17, 2023

	1-Wk	YTD	1-Yr
NASDAQ	4.44	11.36	-13.81
MSCI-Developed	-3.13	2.64	-5.00
S&P 500	1.47	2.41	-9.69
MSCI-Emerging	-0.28	-0.25	-12.64
Russell 2000	-2.57	-1.70	-15.17
S&P 400	-3.11	-1.95	-10.02
Dow Jones	-0.11	-3.35	-5.60
Barclay's U.S. Bond Index			
Aggregate	1.43	2.90	-5.33
Int. Gov. Credit	1.35	2.17	-2.56
Municipal	0.78	2.10	-1.73
High Yield	-0.42	1.44	-4.98
5-year Muni	0.85	1.34	-0.01

MOVE Index



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.33	4.92	1.19
U.S. 2-Yr	3.82	4.59	1.93
U.S. 3-Yr	3.68	4.28	2.15
U.S. 5-Yr	3.46	3.95	2.16
U.S. 10-Yr	3.39	3.70	2.19
U.S. 30-Yr	3.59	3.69	2.48

S&P 500 Sector Total Returns - March 17, 2023

Sector	1-Wk	YTD	1-Yr
Info Tech	5.67	15.42	-5.15
Communication Services	6.94	14.85	-19.53
Consumer Discretionary	2.37	9.51	-21.19
Industrials	-2.44	-1.58	-3.99
Real Estate	0.41	-1.91	-20.37
Materials	-3.41	-2.79	-9.71
Consumer Staples	1.39	-3.19	-0.04
Utilities	3.96	-5.04	-3.44
Health Care	1.37	-7.38	-6.05
Financials	-6.04	-9.52	-18.77
Energy	-6.92	-12.26	8.85

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.04	3.22	2.07
U.S. AA	3.16	3.33	2.19
U.S. A	3.72	3.85	2.45
U.S. Baa	4.43	4.44	2.79
U.S. Municipal	3.35	3.51	2.28
Michigan	3.49	3.64	2.31

Index Characteristics	P/E	P/E NTM	Dividend Yield
S&P 500 - Large Cap	17.32	17.48	1.66
S&P 400 - Mid Cap	12.95	15.57	1.63
S&P 600 - Small Cap	12.74	16.35	1.60