



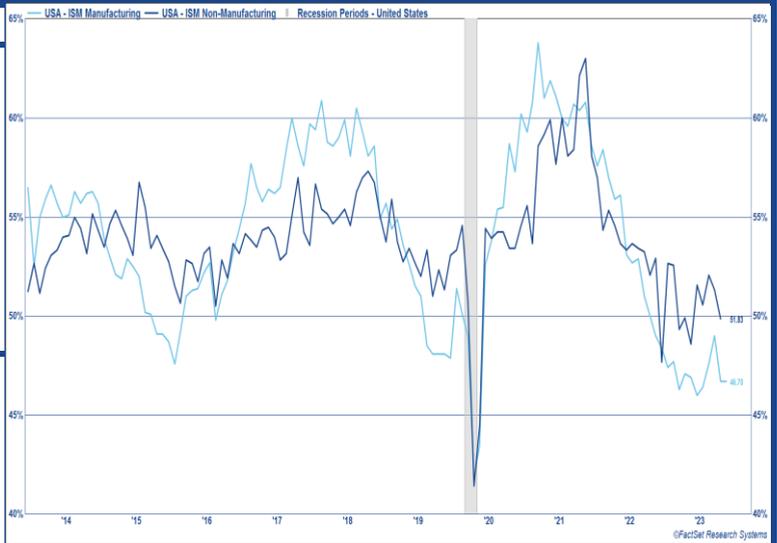
Economic & Market Commentary

Bad news is good news. That was the theme that drove stocks sharply higher and bond yields sharply lower in November. The S&P 500 rose 9.1% and the yield on the 10-year treasury sank from 4.90% to 4.36%. Since March 2022, the Fed has aggressively raised rates. Eleven times in fact and the market has been anxiously waiting, hoping, and praying for inflation to meaningfully cool, the labor market to soften and have more balance between worker supply and demand, and for the economy to weaken more broadly. In November, the majority of economic releases painted that weakening picture. ISM Manufacturing activity in October posted a level of 46.7%, well below the expectation of 49.0%. This marks the 13th consecutive monthly contractionary reading (Readings below 50% are considered contractionary and above 50% expansionary). Survey respondents cited, "Economy absolutely slowing down. Less optimism regarding the first quarter of 2024; Seeing a slowdown on bookings, and our backlog is down to five days from 15 weeks earlier this year." ISM Service activity in October posted a reading of 51.8% expanding for the 10th consecutive month although down from September's level of 53.6%. Survey respondents cited, "In general, commodity prices are coming down, but some categories, especially labor, are still elevated and will remain so for the immediate future. Suppliers are citing increased labor costs (wages, salaries, and benefits) as the biggest reason for their price increases; Currently, we are continuing as normal. If the economy takes a downturn, that will have a negative effect on our revenue; Labor pressures continue, particularly in areas that are hard to recruit. Filling front-line and lower-skill labor positions has gotten very expensive because of competition from large companies and logistics providers." The big market driver last month was October inflation, which came in lower than expected at the consumer and wholesale levels. Stocks rose 2% that day. The final bad news piece was on the labor front. October non-farm payrolls came in lower than expected, the unemployment rate ticked up a notch, and prior month revisions moved sharply lower. All of these factors contributed to the stellar monthly market performance.

Index Total Returns - December 1, 2023

	1-Wk	YTD	1-Yr
NASDAQ	0.41	37.76	25.65
S&P 500	0.83	21.52	14.60
MSCI-Developed	0.40	12.57	9.72
Dow Jones	2.60	11.68	7.71
S&P 400	2.59	9.69	3.86
MSCI-Emerging	0.20	5.17	3.05
Russell 2000	3.12	7.29	0.57
Barclay's U.S. Bond Index			
High Yield	1.30	9.72	8.10
Municipal	1.76	4.15	3.96
Int. Gov. Credit	1.34	3.41	2.67
5-year Muni	1.12	2.86	2.95
Aggregate	2.04	2.51	1.03

ISM Manufacturing and Service Activity



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	5.02	5.26	4.72
U.S. 2-Yr	4.55	4.95	4.24
U.S. 3-Yr	4.32	4.67	3.98
U.S. 5-Yr	4.14	4.49	3.67
U.S. 10-Yr	4.22	4.47	3.53
U.S. 30-Yr	4.41	4.60	3.64

S&P 500 Sector Total Returns - December 1, 2023

Sector	1-Wk	YTD	1-Yr
Info Tech	0.35	52.28	39.43
Communication Services	-2.48	48.32	36.30
Consumer Discretionary	1.59	35.94	20.75
Industrials	2.20	12.12	8.78
Materials	2.78	8.89	2.80
Financials	2.17	7.18	2.26
Real Estate	4.88	5.52	0.72
Energy	-0.06	-0.83	-3.34
Consumer Staples	0.74	-1.73	-4.11
Health Care	0.52	-1.77	-3.88
Utilities	1.33	-7.69	-8.06

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.31	3.59	3.12
U.S. AA	3.37	3.65	3.27
U.S. A	3.90	4.19	3.88
U.S. Baa	4.51	4.76	4.45
U.S. Municipal	3.55	3.83	3.47
Michigan	3.70	3.98	3.61

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	18.95	17.84	1.47
S&P 400 - Mid Cap	13.70	15.55	1.59
S&P 600 - Small Cap	13.05	15.14	1.92