



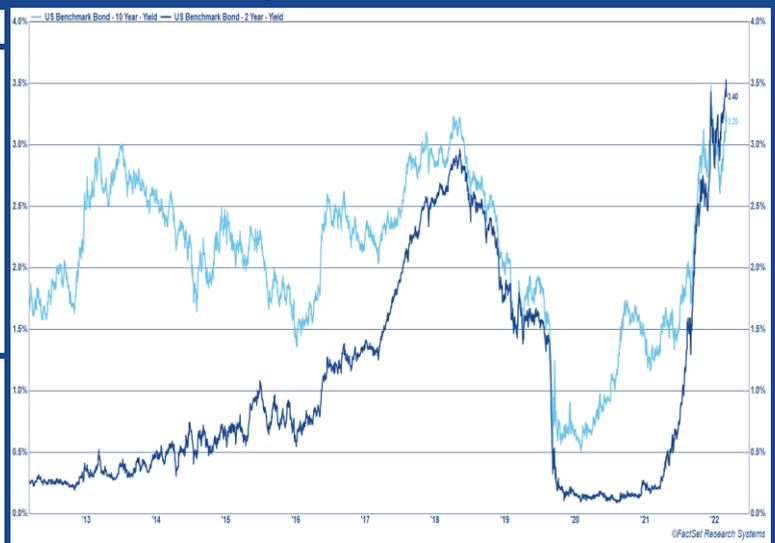
Economic & Market Commentary

After July's weaker than expected CPI data and somewhat less hawkish July FOMC meeting, there was much investor exuberance over peak inflation and that the Fed may be done raising rates in early 2023. Those expectations were short-lived as stocks traded lower for the third consecutive week as recent Federal Reserve Governor's speeches and commentary back Chair Powell's August 26th Jackson Hole speech in which he reiterated their commitment to bringing inflation under control at the expense of economic growth. His speech indicated that in order to restore price stability, monetary policy was going to be restrictive for some time and that more "pain" can be expected for households and businesses. The Fed is determined not to repeat the policy missteps of the 1970s in which the Fed prematurely loosened monetary policy only to see inflation rebound stronger than before. The bond market took notice of the strong rhetoric coming from the Fed as interest rates have risen sharply over the past few weeks. On August 15th, the yield on the 2yr Treasury bond stood at 3.17% and the 10yr Treasury bond at 2.79%. As of this morning, September 6th, the 2yr Treasury bond is at 3.46% and the 10yr Treasury bond is at 3.25%. CBOE Fed Fund Futures currently pegs a 92% probability that the Fed's Target rate at year end will be 3.75% or 4.00%. The Fed's current target rate is 2.50%. Inflation trends are moving in the right direction as commodity prices are falling, average hourly wage gains have stabilized, recent manufacturing surveys indicate declines in prices paid, and both the July CPI and PPI were lower than expected. At the July FOMC meeting, the Fed indicated they were going to be data dependent when deciding on how much to raise rates in September and so far, the data has been mixed with improving inflation numbers pointing to a 50-basis point hike and strong labor data pointing to a 75-basis point hike. CBOE Fed Fund futures show a 50% probability for each one.

Index Total Returns - September 2, 2022

	1-Wk	YTD	1-Yr
Dow Jones	-2.85	-12.54	-9.85
S&P 400	-4.23	-14.91	-12.42
S&P 500	-3.23	-16.78	-12.19
Russell 2000	-4.70	-18.70	-20.47
MSCI-Emerging	-3.41	-19.31	-23.73
MSCI-Developed	-3.01	-20.24	-21.48
NASDAQ	-4.18	-25.25	-23.58
Barclay's U.S. Bond Index			
5-year Muni	-0.41	-5.60	-5.96
Int. Gov. Credit	-0.49	-7.12	-8.22
Municipal	-0.87	-9.12	-9.10
Aggregate	-1.02	-10.94	-11.80
High Yield	-1.80	-11.37	-10.89

2-Yr and 10-Yr Treasury Yields



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	3.32	3.23	0.07
U.S. 2-Yr	3.40	3.40	0.20
U.S. 3-Yr	3.43	3.40	0.40
U.S. 5-Yr	3.29	3.20	0.77
U.S. 10-Yr	3.20	3.04	1.29
U.S. 30-Yr	3.34	3.21	1.91

S&P 500 Sector Total Returns - September 2, 2022

Sector	1-Wk	YTD	1-Yr
Energy	-3.19	48.14	73.28
Utilities	-1.44	5.85	9.76
Consumer Staples	-2.29	-4.77	2.48
Health Care	-1.79	-10.59	-7.14
Industrials	-3.49	-12.17	-11.05
Financials	-2.41	-14.98	-12.48
Materials	-4.85	-17.06	-11.68
Real Estate	-3.92	-19.15	-12.76
Info Tech	-4.97	-23.46	-15.84
Consumer Discretionary	-2.56	-23.72	-16.08
Communication Services	-2.36	-31.19	-35.61

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.07	2.94	0.83
U.S. AA	3.23	3.07	0.89
U.S. A	3.68	3.53	1.09
U.S. Baa	4.13	3.98	1.38
U.S. Municipal	3.38	3.23	0.97
Michigan	3.43	3.27	1.04

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	16.70	17.25	1.58
S&P 400 - Mid Cap	11.99	15.71	1.45
S&P 600 - Small Cap	11.53	16.41	1.45