



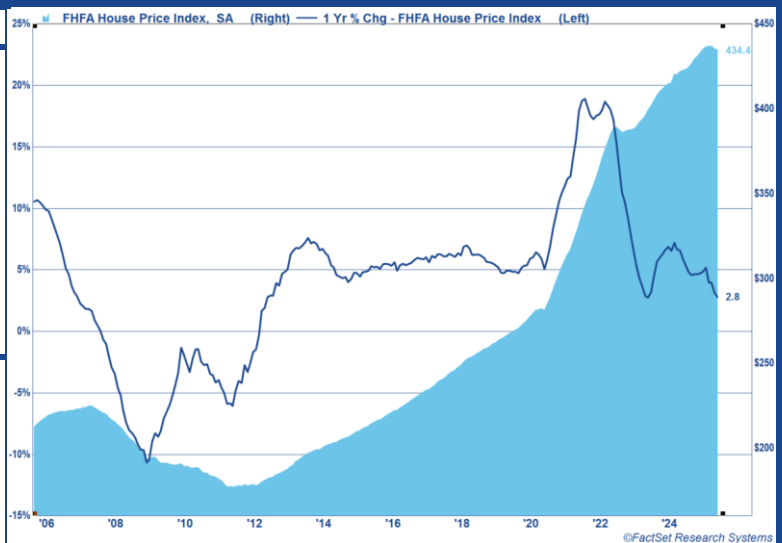
## Economic &amp; Market Commentary

Prior to COVID, housing market fundamentals were already out of balance as demand far exceeded supply due to a lack of new home builds, declining existing home inventory, low mortgage rates, and a shortage of skilled and unskilled labor due to a tight labor market. Home prices were climbing steadily because of the fundamentals imbalance. Then, COVID hit and this imbalance soared like it was on a Barry Bonds steroid program. The combination of historically low mortgage rates and the accelerated ability to work remotely sent housing demand to the moon while inventory remained muted. The result was that y/y home prices soared between October 2020 and September 2022 at an average y/y rate of +15.5%. For reference, the past 30-year average y/y home price increase is +4.8%. Indeed, in June 2025 the average price of a home reached a record \$435,000. According to National Association of Realtors Chief Economist, Lawrence Yun, "The record high median home price highlights how American homeowners' wealth continues to grow. The average homeowners' wealth has expanded by \$140,900 over the past five years". It seems that new record average monthly home prices have been the norm for the past few years but the reality is that home prices as well as home sales have slowed considerably due to home affordability. The meteoric rise in home prices, higher mortgage rates, higher home insurance rates, and the fact that millions of homeowners are "locked-in" at sub-3% mortgage rates, have constrained home affordability especially for first-time home buyers. New and existing monthly home sales have been sluggish and have trended well below their historical average for the past couple of years. Moreover, existing home inventories as well as average monthly supply of unsold inventory have been on the rise as well. The housing market is gradually rebalancing and shifting from a seller-friendly to a buyer-friendly environment.

## Index Total Returns - August 15, 2025

	1-Wk	YTD	1-Yr
MSCI-Developed	2.36	23.54	19.92
MSCI-Emerging	1.55	20.42	20.90
NASDAQ	0.83	12.42	23.73
S&P 500	0.99	10.55	17.90
Dow Jones	1.79	6.72	12.76
Russell 2000	3.12	3.39	8.56
S&P 400	1.59	2.59	7.05
<b>Barclay's U.S. Bond Index</b>			
High Yield	0.27	5.59	8.65
Int. Gov. Credit	0.09	4.65	4.55
Aggregate	-0.02	4.38	2.90
5-year Muni	0.08	3.72	3.95
Municipal	-0.03	0.05	-0.07

## FHFA Home Price Index



## U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	3.91	3.92	4.52
U.S. 2-Yr	3.75	3.76	4.10
U.S. 3-Yr	3.72	3.73	3.90
U.S. 5-Yr	3.84	3.83	3.79
U.S. 10-Yr	4.32	4.28	3.91
U.S. 30-Yr	4.92	4.85	4.17

## Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.74	3.73	3.33
U.S. AA	3.77	3.76	3.34
U.S. A	4.15	4.15	3.71
U.S. Baa	4.79	4.78	4.17
U.S. Municipal	3.91	3.90	3.47
Michigan	4.05	4.04	3.59

## S&amp;P 500 Sector Total Returns - August 15, 2025

Sector	1-Wk	YTD	1-Yr
Comm. Services	2.13	18.11	35.50
Info Tech	-0.12	15.93	24.36
Industrials	-0.19	14.92	20.08
Utilities	-0.66	14.69	18.94
Financials	1.18	9.38	22.56
Materials	1.85	9.24	2.36
Consumer Staples	-0.68	6.98	7.27
Real Estate	0.20	3.23	2.12
Energy	0.78	1.73	-2.83
Con. Discretion	2.53	1.26	26.48
Health Care	4.65	-0.09	-9.32
	P/E	P/E NTM	Dividend
Index Characteristics	NTM	10yr-Avg.	Yield
S&P 500 - Large Cap	22.48	18.85	1.15
S&P 400 - Mid Cap	15.94	16.13	1.40
S&P 600 - Small Cap	15.25	15.33	1.57