



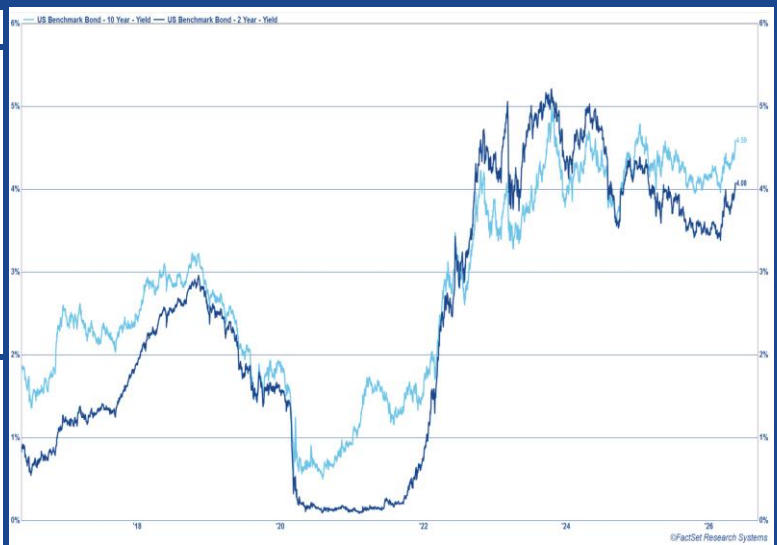
Economic & Market Commentary

Equity markets finished mostly lower last week, despite reaching multiple new highs earlier in the period. Investor sentiment shifted as inflation data came in stronger than expected, prompting a reassessment of interest rate expectations and weighing on risk assets into the week's close. The primary driver was firmer-than-expected April CPI and PPI readings, which reinforced concerns that inflation may prove more persistent than anticipated. In response, bond yields moved sharply higher, reflecting a repricing of the interest rate outlook. Headline PPI up +1.4% m/m, crushing the +0.5% consensus. Core PPI didn't fare much better rising +1.0% vs. expected +0.3%. This was the hottest PPI reading since March 2022. Bond yields rose roughly +0.20% across the yield curve. Alongside rising yields, Federal Reserve policy expectations shifted notably more hawkish. Markets began to dial back expectations for near-term rate cuts, with the stronger inflation data reinforcing the Fed's need to remain cautious. This shift in policy expectations was a key factor behind the late-week weakness in equities. Indeed, over the next year the chance of a rate hike is more likely than a rate cut. Oil prices moved higher, adding to inflation concerns and reinforcing the broader theme of upward price pressure within the economy. The rise in energy prices further heightened worries that inflation progress may stall in the near term. On the consumer front, April retail sales came in largely in line with expectations. However, concerns surrounding the sustainability of consumer spending continue to build. Elevated price levels, higher borrowing costs, and signs of softer sentiment are beginning to raise questions about the consumer's ability to maintain current levels of demand. Stronger inflation data, rising yields, and a recalibration of Fed policy expectations have introduced near-term headwinds. Going forward, the trajectory of inflation and its impact on interest rates, and ultimately overall demand, will be critical in determining the direction of markets.

Index Total Returns - May 15, 2026

	1-Wk	YTD	1-Yr
MSCI-Emerging	-2.45	19.51	44.99
NASDAQ	-0.06	13.07	38.06
Russell 2000	-2.34	12.99	35.07
S&P 400	-2.40	9.71	19.83
S&P 500	0.17	8.70	26.75
MSCI-Developed	-1.56	5.92	21.70
Dow Jones	-0.11	3.63	19.05
Barclay's U.S. Bond Index			
High Yield	-0.49	0.88	7.12
Municipal	-0.58	0.59	5.81
5-year Muni	-0.35	0.19	4.42
Int. Gov. Credit	-0.71	-0.35	4.00
Aggregate	-1.14	-0.71	4.48

U.S. Treasury Yields



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	3.81	3.73	4.09
U.S. 2-Yr	4.08	3.89	3.97
U.S. 3-Yr	4.14	3.92	3.95
U.S. 5-Yr	4.26	4.01	4.07
U.S. 10-Yr	4.59	4.37	4.45
U.S. 30-Yr	5.12	4.95	4.91

S&P 500 Sector Total Returns - May 15, 2026

Sector	1-Wk	YTD	1-Yr
Energy	7.03	33.50	43.84
Info Tech	1.21	17.24	46.19
Consumer Staples	1.30	12.16	10.19
Comm. Services	-0.84	11.40	46.70
Industrials	-1.10	10.84	22.24
Materials	-2.21	10.45	18.60
Real Estate	-2.55	8.72	9.22
Utilities	-1.93	3.49	11.37
Con. Discretion	-3.04	0.62	12.81
Health Care	1.06	-5.86	13.23
Financials	-0.28	-6.16	1.33

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.61	3.50	3.86
U.S. AA	3.65	3.54	3.92
U.S. A	4.00	3.90	4.31
U.S. Baa	4.58	4.47	4.80
U.S. Municipal	3.77	3.66	4.04
Michigan	3.90	3.81	4.18

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	21.30	19.36	1.04
S&P 400 - Mid Cap	15.94	16.40	1.26
S&P 600 - Small Cap	15.16	16.48	1.48