



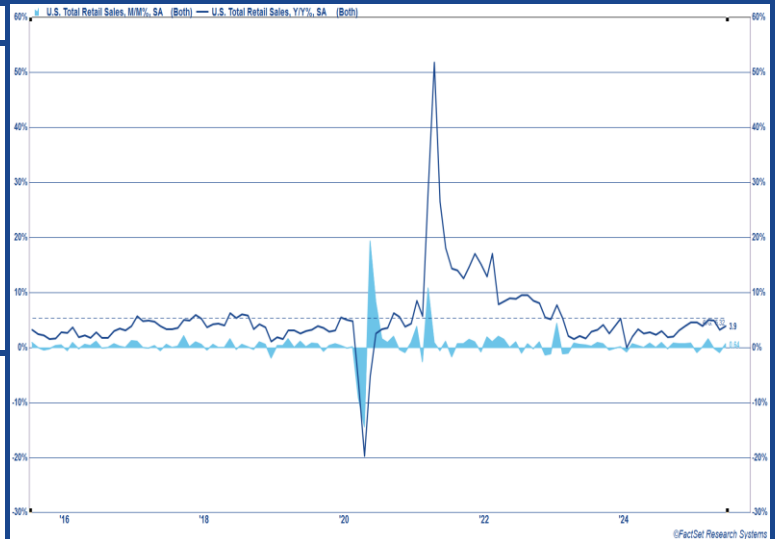
Economic & Market Commentary

Stocks finished mixed last week while bonds were basically flat as the tug of war continues between pro-growth policies and a resilient economy versus the reluctance of the Fed to cut rates, concerns of Fed independence, and uncertainty surrounding trade initiatives. For the fourth straight month, consumer inflation (CPI) came in lower than expected. June core CPI rose 0.2% m/m, below the 0.3% consensus and up from May's 0.1%, with the annualized core rate at 2.9% vs. 3.0% expected and 2.8% prior. Headline CPI increased 0.3% m/m, in-line with consensus and above May's 0.1%, bringing the annualized rate to 2.7%, matching estimates and up from 2.4%. Shelter rose 0.2% m/m, driving most of the overall increase but decelerating from May's 0.3%. Some areas of deflation were seen in hotels (-2.9%), used vehicles (-0.7%), new vehicles (-0.3%), and airfares (-0.1%), while food was steady. M/M inflation was notable in appliances (+1.9%), sporting goods (+1.8%), home furnishings (+1.0%), gasoline (+1.0%), medical care services (+0.6%), and apparel (+0.4%). Analysts flagged mixed tariff effects with clear upward pressure in apparel and furnishings but surprisingly minimal impact on autos, which some attribute to seasonality. Several economists noted tariff-driven inflation may stay modest and largely confined to goods as services' prices ease. Services comprises a much larger portion of the U.S. economy than goods. The fourth consecutive cooler inflation print is keeping a September Fed cut in play, with CME FedWatch this morning pricing a 60% probability. Data last week continued to reflected economic resilience. Initial jobless claims, housing starts and permits, and June retail sales all came in better than expected. Indeed, the Fed's Beige Book, released on July 16, 2025, indicated that economic activity increased slightly from late May through early July 2025. Five Federal Reserve Districts reported slight or modest gains, five had flat activity, and two noted modest declines, an improvement over the previous report where half of the Districts reported declines. Lastly, Friday's Preliminary July Michigan Consumer Sentiment also beat, with 1Y and 5Y inflation expectations continuing to come down.

Index Total Returns - July 18, 2025

	1-Wk	YTD	1-Yr
MSCI-Developed	-0.29	18.83	13.75
MSCI-Emerging	1.68	18.02	15.50
NASDAQ	1.51	8.60	17.74
S&P 500	0.61	7.83	15.10
Dow Jones	-0.05	5.20	10.98
S&P 400	-0.02	2.46	6.04
Russell 2000	0.24	1.19	3.30
Barclay's U.S. Bond Index			
High Yield	0.14	4.70	8.82
Int. Gov. Credit	0.16	3.78	5.20
Aggregate	0.04	3.22	3.75
5-year Muni	0.00	2.72	3.93
Municipal	-1.13	-1.39	-0.72

U.S. Retail Sales



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.06	4.07	4.86
U.S. 2-Yr	3.87	3.89	4.47
U.S. 3-Yr	3.84	3.87	4.24
U.S. 5-Yr	3.96	3.98	4.11
U.S. 10-Yr	4.43	4.42	4.20
U.S. 30-Yr	5.00	4.95	4.41

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.89	3.76	3.45
U.S. AA	3.94	3.80	3.46
U.S. A	4.34	4.20	3.83
U.S. Baa	4.92	4.74	4.28
U.S. Municipal	4.07	3.93	3.59
Michigan	4.23	4.09	3.72

S&P 500 Sector Total Returns - July 18, 2025

Sector	1-Wk	YTD	1-Yr
Industrials	0.81	15.71	22.44
Utilities	1.56	12.21	23.13
Info Tech	2.09	12.11	19.05
Financials	0.67	9.58	23.32
Comm. Services	0.10	9.52	24.15
Materials	-1.31	8.20	0.93
Consumer Staples	0.08	5.61	8.66
Real Estate	0.65	4.52	6.75
Energy	-3.83	2.07	-5.13
Con. Discretion	0.54	-1.57	18.65
Health Care	-2.46	-3.27	-8.80

Index Characteristics	P/E	P/E NTM	Dividend
	NTM	10yr-Avg.	Yield
S&P 500 - Large Cap	22.34	18.79	1.18
S&P 400 - Mid Cap	16.18	16.13	1.38
S&P 600 - Small Cap	15.26	15.28	1.60