

Economic & Market Commentary

-Small business optimism rose 3.0 points in May to the second highest level ever recorded in the 45 year history of the index - 107.8. Component readings of the index at or near all-time highs include: compensation increases, expansion expectations and positive earnings trends. Also interesting to note that prices paid and plans to raise prices are the highest since 2008.

-Speaking of inflation, consumer prices (CPI) in May rose 0.2% and over the past year rose 2.8%. Producer prices (PPI) rose 0.5% in May and over the past year rose 3.1%. The CPI inflation measures were in-line with consensus expectations while the PPI inflation measures came in higher than expected. The highest and lowest CPI category 1yr chg.: Oil +25.3% & TV's -17.0%.

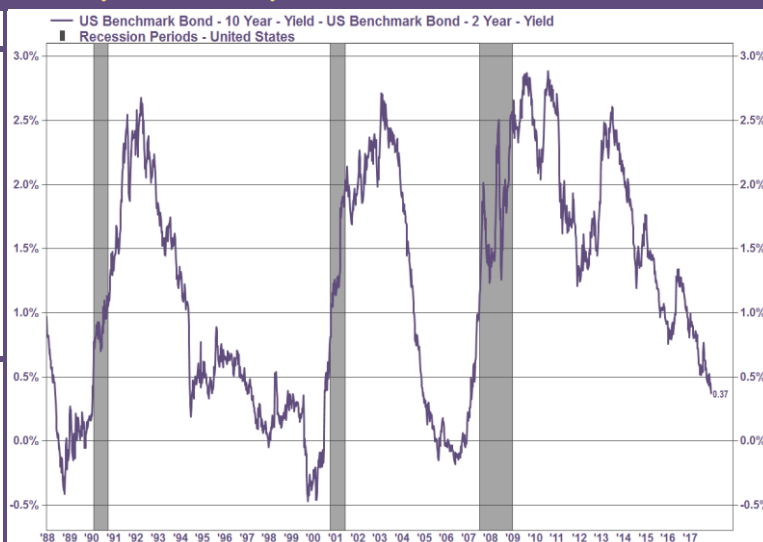
-Looks like the American consumer is doing well as retail sales in May rose 0.8% which doubled the consensus expectation of 0.4%. April retail sales were revised upward to 0.4% from 0.2%. Over the past year retail sales rose 5.9%. These strong retail sale numbers, along with other recent strong economic data, have some economists raising 2Q18 U.S. GDP estimates. Consensus stands at 3.1% for 2Q18 and 2.7% for full-year 2018. The Federal Reserve Bank of Atlanta's GDPNow projects 2Q18 GDP growth at 4.8%.

-As expected, the Federal Reserve raised the target rate to 2.0% and due to a strengthening economy, a tight labor market and strong consumer and business investment spending, raised the likelihood of two more additional rate hikes this year bringing the expected total to four. The yield curve flattened as the spread between 2's and 10's is now at 37 basis points and the spread between 5's and 10's is now just 12 basis points. With the Fed increasing the monthly amount of quantitative easing rolling off of their balance sheet in July, it is going to be interesting to see what impact this may have on yields and the yield curve.

Total Returns - June 15, 2018

Stock Index	1-Wk	YTD	1-Yr
NASDAQ	1.34	12.78	26.97
Russell 2000	0.72	10.26	20.94
S&P 400	-0.36	5.58	15.43
S&P 500	0.07	4.92	16.52
Dow Jones	-0.84	2.62	20.17
MSCI-Developed	-0.49	-0.77	9.45
MSCI-Emerging	-1.85	-3.07	13.51
Barclay's U.S. Bond Index			
High Yield	0.45	0.73	3.09
5-year Muni	0.02	0.21	-0.21
Municipal	-0.04	-0.49	0.83
Int. Gov. Credit	-0.01	-1.26	-1.14
Aggregate	0.13	-1.94	-1.08

Treasury Yield Curve Spread - 2's & 10's



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	2.33	2.29	1.19
U.S. 2-Yr	2.55	2.48	1.34
U.S. 3-Yr	2.68	2.63	1.47
U.S. 5-Yr	2.80	2.77	1.72
U.S. 10-Yr	2.92	2.94	2.13
U.S. 30-Yr	3.05	3.08	2.77

S&P 500 - Sector Total Returns - June 15, 2018

Sector	1-Wk	YTD	1-Yr
Info Tech	0.51	14.83	34.83
Consumer Discretionary	2.27	14.44	26.16
Health Care	0.86	4.35	12.18
Energy	-3.08	4.14	17.28
Industrials	-1.34	-0.04	9.73
Materials	-1.34	-0.30	13.10
Financials	-1.87	-0.82	14.99
Real Estate	-0.97	-2.89	0.34
Utilities	2.63	-4.34	-4.88
Consumer Staples	2.11	-8.49	-6.57
Telecom Services	-1.97	-8.95	-3.17

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	2.44	2.43	1.80
U.S. AA	2.54	2.52	1.93
U.S. A	2.89	2.88	2.43
U.S. Baa	3.54	3.51	3.43
U.S. Municipal	2.69	2.68	2.15
Michigan	2.79	2.75	2.27

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