

Economic & Market Commentary

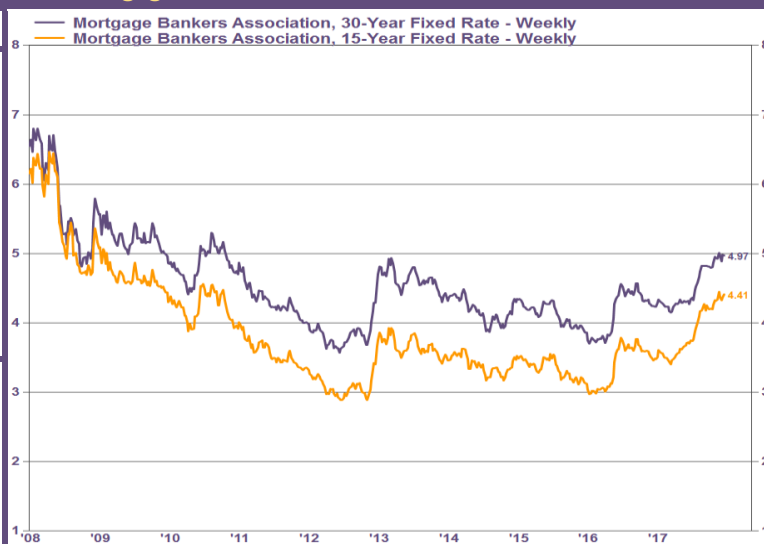
Tariffs were back in focus last week sending most stock markets lower. For this administration, the first round of tariffs began last January and were imposed with a 20% tariff on washing machines and solar panels. The next round of tariffs were announced on March 1 and these focused on steel (25%) and aluminum (10%) industries. The rationale for the steel and aluminum tariffs was rooted in national security. Most of these tariffs went into effect quickly with the exception of Mexico, Canada, European Union and other allies which were given until May 31 to negotiate a deal. Unfortunately, a deal never materialized and these tariffs took effect in early June. Also in March, the administration targeted "China's unfair trade practices" and imposed \$50 billion dollars worth of tariffs. In April, it was announced another \$100 billion of tariffs on China were being considered. As expected, other nations have countered the administration's actions with tariffs of their own on U.S. goods. The U.S. and China held trade talks and in mid-May released a joint statement on an agreement for China to purchase more U.S. goods and services, and to continue trade talks. These talks have since failed and the trade tensions between China and the U.S. are on the rise. The concern for market participants relates to the uncertainty created by these tariffs due to the complex and interwoven nature of global supply and production. Impact from the trade tensions is already being felt as prices on washing machines have risen sharply and Daimler Chrysler lowered their 2018 earnings outlook due to China's tariff on U.S. goods. While most experts believe the tariffs will be limited in scope and have a minimal impact on economic growth, the longer these trade tensions persist increases the likelihood of a negative on the economy as well as on the confidence of consumers and businesses.

Total Returns - June 22, 2018

Stock Index	1-Wk	YTD	1-Yr
NASDAQ	-0.68	12.01	24.66
Russell 2000	0.11	10.38	21.54
S&P 400	-0.13	5.44	16.39
S&P 500	-0.87	4.01	15.39
Dow Jones	-2.03	0.54	17.53
MSCI-Developed	-0.96	-1.73	7.87
MSCI-Emerging	-2.27	-5.27	10.23

Barclay's U.S. Bond Index			
	1-Wk	YTD	1-Yr
High Yield	-0.04	0.69	3.50
5-year Muni	0.02	0.22	-0.21
Municipal	0.11	-0.38	0.87
Int. Gov. Credit	0.07	-1.19	-1.12
Aggregate	-0.01	-1.95	-1.25

U.S. Mortgage Rates



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 22, 2018

Sector	1-Wk	YTD	1-Yr
Consumer Discretionary	-0.70	13.64	25.96
Info Tech	-1.29	13.35	31.24
Energy	1.52	5.72	21.44
Health Care	-0.66	3.67	7.27
Real Estate	2.55	-0.41	3.24
Utilities	2.50	-1.95	-1.60
Financials	-1.41	-2.22	14.93
Materials	-2.07	-2.36	11.04
Industrials	-3.37	-3.41	7.19
Consumer Staples	0.16	-8.34	-4.67
Telecom Services	-0.51	-9.42	-1.08

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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