



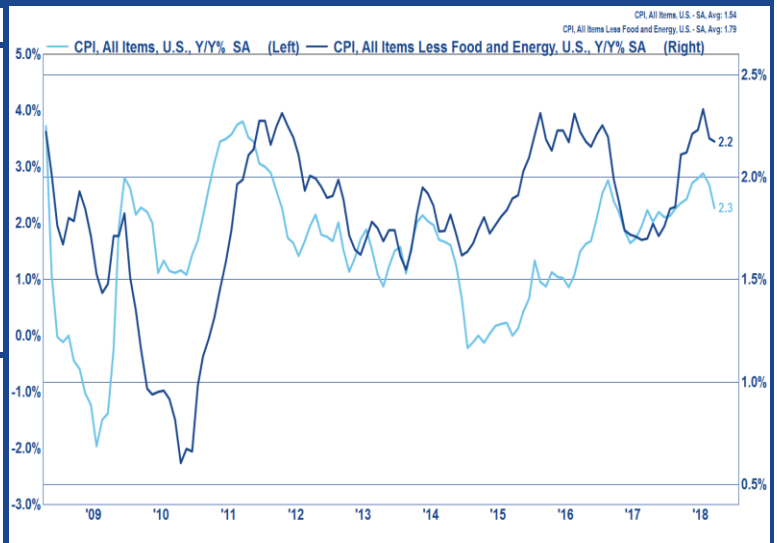
**Economic & Market Commentary**

Stock markets were hammered last week on continued interest rate and inflation concerns. Additionally, there are growing concerns of a potential global growth slowdown. Entering the week, inflation concerns and bond yields were already on the rise and a negative earnings pre-announcement by PPG last Monday added fuel to the fire. PPG lowered their third-quarter adjusted earnings from continued operations guidance range to \$1.41 - \$1.45 from \$1.59. Fourth-quarter earnings were lowered as well to a range of \$1.03 - \$1.13 from \$1.23. PPG cited, "we continued to experience significant raw material and elevating logistics cost inflation, including the effects from higher epoxy resin and increasing oil prices. These inflationary impacts increased during the quarter and, as a result, we experienced the highest level of cost inflation since the cycle began two years ago." As we have previously highlighted, rising raw material and freight/transportation costs were evident in second-quarter earnings for many companies within the industrial, consumer staples and material sectors. Many of these companies responded with price realization initiatives (aka - increases), which are sticking. The focus will now center on inflation cost contagion. September inflation data released last week showed inflation rising at a modest rate but not yet accelerating. The Consumer Price Index rose 0.1% for the month and is up 2.3% y/y. The Producer Price Index rose 0.2% for the month and is up 2.6% y/y. Another gem that came out of PPG's pre-announcement was this, "Also, during the quarter, we saw overall demand in China soften, and we experienced weaker automotive refinish sales as several of our U.S. and European customers are carrying high inventory levels due to lower end-use market demand." Last Wednesday, the IMF lowered their global growth forecast 0.2% to 3.7% from 3.9% citing heightened downside risks due to trade tariffs, fiscal policy and emerging market weakness.

**Total Returns - October 12, 2018**

Stock Index	1-Wk	YTD	1-Yr
NASDAQ	-3.74	9.48	14.93
S&P 500	-4.07	5.07	10.58
Dow Jones	-4.17	4.29	13.45
Russell 2000	-5.22	1.69	4.06
S&P 400	-4.90	-0.38	4.44
MSCI-Developed	-3.93	-7.52	-4.70
MSCI-Emerging	-2.03	-13.61	-10.51
<b>Barclay's U.S. Bond Index</b>			
High Yield	-0.46	1.65	1.93
5-year Muni	-0.01	-0.19	-1.01
Int. Gov. Credit	0.30	-0.92	-1.19
Municipal	-0.19	-1.16	-0.72
Aggregate	0.44	-2.10	-1.83

**Inflation - Consumer Price Index (CPI)**



**U.S. Treasury Yields**

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	2.66	2.63	1.41
U.S. 2-Yr	2.84	2.88	1.52
U.S. 3-Yr	2.92	2.98	1.67
U.S. 5-Yr	2.99	3.07	1.96
U.S. 10-Yr	3.14	3.23	2.35
U.S. 30-Yr	3.32	3.40	2.88

**S&P 500 - Sector Total Returns - October 12, 2018**

Sector	1-Wk	YTD	1-Yr
Info Tech	-3.82	13.46	20.84
Health Care	-3.45	11.71	12.13
Consumer Discretionary	-3.52	11.31	21.34
Energy	-5.38	3.58	10.22
Utilities	-1.26	3.30	0.66
Industrials	-6.40	-1.12	3.27
Real Estate	-2.88	-3.93	-2.90
Financials	-5.56	-3.97	3.13
Communication Services	-2.84	-4.26	3.24
Consumer Staples	-1.92	-6.04	-1.03
Materials	-6.58	-9.60	-5.44

**Municipal Yields - Bloomberg/Barclays Index**

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	2.76	2.73	1.93
U.S. AA	2.86	2.83	2.02
U.S. A	3.20	3.16	2.48
U.S. Baa	3.80	3.74	3.14
U.S. Municipal	3.01	2.97	2.20
Michigan	3.06	3.03	2.35

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	15.95	14.55	1.83
S&P 400 - Mid Cap	15.10	15.24	1.54
S&P 600 - Small Cap	15.72	15.23	1.40