



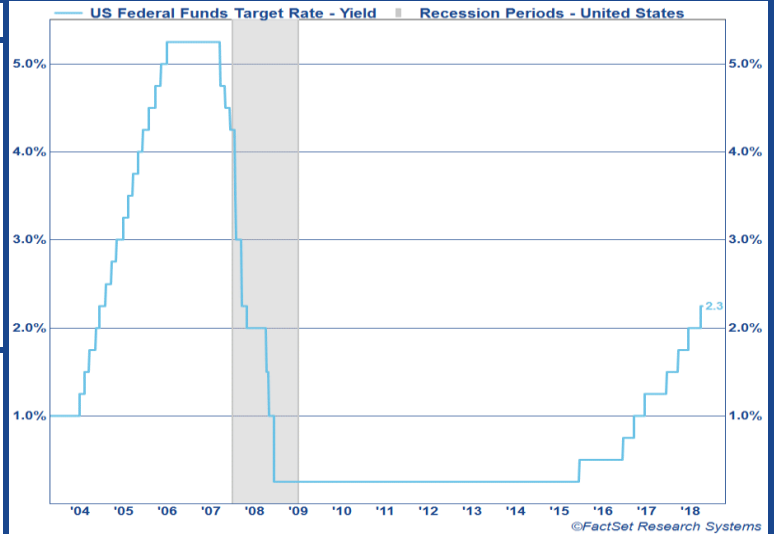
Economic & Market Commentary

Despite good third-quarter earnings reports and continued solid macroeconomic data, stocks finished mixed last week failing to gain any ground from recent weakness as hawkish Fed policy remains a primary and growing concern. Last Wednesday, the Federal Reserve released the minutes from their September 25-26 FOMC meeting as members concluded, "that the labor market had continued to strengthen and that economic activity had been rising at a strong rate. On a 12-month basis, both overall inflation and inflation for items other than food and energy remained near 2 percent. Indicators of longer-term inflation expectations were little changed on balance. Consequently, members expected that further gradual increases in the target range for the federal funds rate would be consistent with sustained expansion of economic activity, that risks to the economic outlook remained roughly balanced." The Fed is giving no indication that they plan on changing course anytime soon. The market is worried the Fed's monetary policy may be becoming too restrictive leading to a tightening of overall financial conditions and a potential slowdown in economic activity. The Fed recently indicated it expects to raise the target rate once more this year to 2.50% and three times next year to 3.25%. The negative market sentiment was clearly shown in S&P 500 sector performance last week as the defensive Utility, REIT and Consumer Staple sectors were bid higher while the cyclical Information Technology, Consumer Discretion, Material and Industrial sectors languished. Risk measures are indicating the recent pullback is likely to be temporary. Stock market volatility has risen of late but the VIX Index has not spiked and remains near its historical average. Corporate credit spreads have risen only marginally the past few weeks and remain well below their historical long-term averages. Risk measures are signaling the solid economic and earnings growth narrative remains intact.

Total Returns - October 19, 2018

Stock Index	1-Wk	YTD	1-Yr
NASDAQ	-0.64	8.78	13.96
S&P 500	0.05	5.11	10.13
Dow Jones	0.45	4.76	12.36
Russell 2000	-0.29	1.39	3.96
S&P 400	0.06	-0.31	4.26
MSCI-Developed	-0.07	-7.58	-5.25
MSCI-Emerging	-0.88	-14.37	-10.93
Barclay's U.S. Bond Index			
High Yield	-0.05	1.60	1.64
5-year Muni	0.03	-0.16	-1.12
Int. Gov. Credit	-0.19	-1.11	-1.35
Municipal	0.05	-1.11	-1.04
Aggregate	-0.37	-2.46	-2.21

Fed Funds Rate



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	2.67	2.66	1.42
U.S. 2-Yr	2.91	2.84	1.57
U.S. 3-Yr	2.99	2.92	1.71
U.S. 5-Yr	3.05	2.99	1.99
U.S. 10-Yr	3.20	3.14	2.35
U.S. 30-Yr	3.38	3.32	2.85

S&P 500 - Sector Total Returns - October 19, 2018

Sector	1-Wk	YTD	1-Yr
Health Care	0.45	12.21	11.08
Info Tech	-1.14	12.18	18.47
Consumer Discretionary	-1.97	9.11	18.49
Utilities	3.05	6.45	3.21
Energy	-1.92	1.59	8.92
Real Estate	3.22	-0.84	0.72
Consumer Staples	4.42	-1.89	4.18
Industrials	-1.00	-2.10	2.27
Financials	0.78	-3.22	3.14
Communication Services	0.72	-3.58	3.82
Materials	-1.34	-10.81	-6.94

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	2.76	2.76	1.87
U.S. AA	2.87	2.86	1.96
U.S. A	3.21	3.20	2.43
U.S. Baa	3.81	3.80	3.06
U.S. Municipal	3.01	3.01	2.15
Michigan	3.07	3.06	2.29

Index Characteristics	P/E NTM	P/E 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	15.94	14.56	1.85
S&P 400 - Mid Cap	15.09	15.26	1.56
S&P 600 - Small Cap	15.67	15.24	1.43