



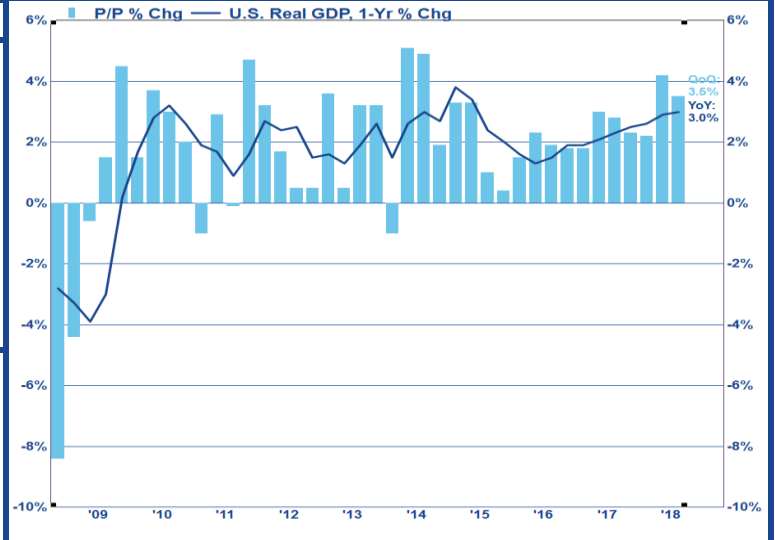
Economic & Market Commentary

Stock markets sold off sharply for the second week in a row as market sentiment remained decidedly negative. All sectors within the S&P 500 Index were lower for the week but once again defensive sectors outperformed cyclicals. After reaching new all-time highs in the third-quarter, domestic stock markets have sharply retreated with small and mid-cap stocks falling into correction territory and turning negative for the year while large-cap stocks are hanging onto positive territory. The same suspects that propelled markets into correction territory earlier this year are causing all of the current market uncertainty and havoc, namely, Fed monetary policy, China trade tensions, and inflation fears. Joining the uncertainty group are a forecasted slow down in 2019 earnings growth (+10.0%) from 2018's torrid pace (+20.5%) and the final outcome of mid-term elections. Similar to the two most recent corrections (early 2016 and early 2018), solid underlying economic fundamentals persist and are expected to sustain consumer spending and business investment, which in turn, should result in normalized earnings growth for 2019. Last Friday, the Bureau of Economic Analysis released their first estimate of third-quarter 2018 U.S. GDP which showed the economy grew at a +3.5% annualized pace surpassing the consensus estimate of +3.3%. The report showed that consumer spending was the main driver of growth for the quarter rising 4.0%, business investment slowed from previous quarter's robust pace, and that inflation is not accelerating as the Personal Consumption Expenditure Index for GDP purchases, rose 1.7% y/y in the quarter, which is a decrease from last quarter's y/y pace of 2.4%. Turning to earnings, FactSet reports S&P 500 3Q18 earnings growth currently stands at 22.5%, which is higher than estimated growth rate of 19.3% back on September 30th. Market valuations have contracted significantly this year and have become more compelling.

Total Returns - October 26, 2018

Stock Index	1-Wk	YTD	1-Yr
NASDAQ	-3.78	4.67	10.46
Dow Jones	-2.97	1.65	7.89
S&P 500	-3.93	0.98	5.85
Russell 2000	-3.76	-2.42	0.35
S&P 400	-4.10	-4.40	-0.32
MSCI-Developed	-3.87	-11.16	-8.29
MSCI-Emerging	-3.27	-17.16	-13.16
Barclay's U.S. Bond Index			
High Yield	-0.70	0.89	0.93
5-year Muni	0.17	0.01	-0.63
Int. Gov. Credit	0.48	-0.63	-0.59
Municipal	0.31	-0.80	-0.26
Aggregate	0.54	-1.93	-1.17

U.S. GDP



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	2.63	2.67	1.42
U.S. 2-Yr	2.81	2.91	1.60
U.S. 3-Yr	2.86	2.99	1.73
U.S. 5-Yr	2.91	3.05	2.05
U.S. 10-Yr	3.07	3.20	2.43
U.S. 30-Yr	3.31	3.38	2.94

S&P 500 - Sector Total Returns - October 26, 2018

Sector	1-Wk	YTD	1-Yr
Info Tech	-2.71	9.14	14.54
Health Care	-4.43	7.24	8.27
Consumer Discretionary	-3.18	5.65	14.99
Utilities	-2.13	4.18	1.20
Real Estate	-1.02	-1.85	1.68
Consumer Staples	-1.36	-3.22	3.55
Energy	-7.06	-5.59	1.72
Industrials	-5.55	-7.53	-3.33
Communication Services	-4.34	-7.76	2.50
Financials	-5.23	-8.29	-4.02
Materials	-4.47	-14.80	-12.95

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	2.73	2.76	1.97
U.S. AA	2.82	2.87	2.07
U.S. A	3.17	3.21	2.51
U.S. Baa	3.77	3.81	3.17
U.S. Municipal	2.97	3.01	2.24
Michigan	3.03	3.07	2.39

Index Characteristics	P/E	P/E NTM	Dividend Yield
S&P 500 - Large Cap	15.26	14.57	1.93
S&P 400 - Mid Cap	14.49	15.27	1.62
S&P 600 - Small Cap	15.17	15.32	1.47