



Economic & Market Commentary

-Stocks and bonds took it on the chin last week as continued solid economic data along with hawkish comments from Federal Reserve Chairmen Jerome Powell resulted in sharply higher Treasury yields heightening investor concerns as to what impact rising yields may have on corporate profit margins and earnings. Large-cap stocks fared better last week out performing riskier assets such as mid-caps, small-caps and emerging markets. At the sector level, Consumer Discretionary stocks led the S&P 500 lower declining -4.4% while Utilities and Financials help to partially offset the decline by advancing +1.9% and +1.6% respectively.

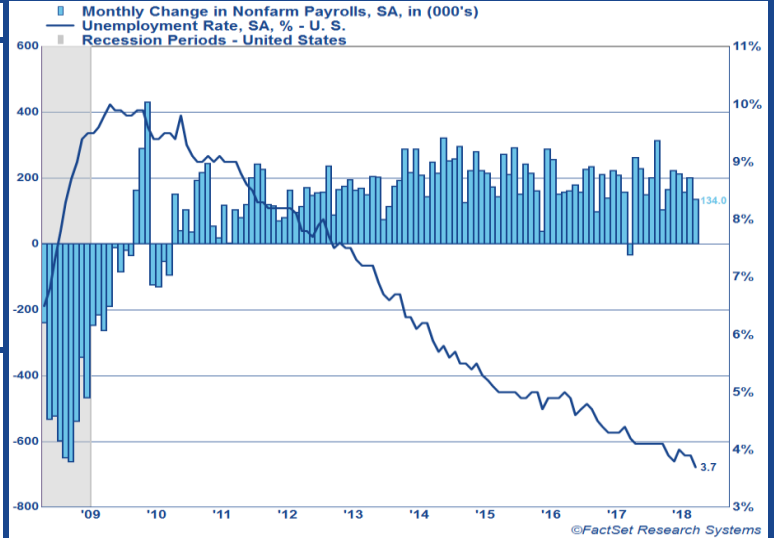
-The labor market continued to remain strong in September as the unemployment rate fell to 3.7%, which is the lowest unemployment rate since December 1969. Monthly job gains of +134,000 came in less than the expected +185,000. The U.S. Dept. of Labor noted, "Hurricane Florence affected parts of the East Coast during September." Revisions for July and August were revised sharply higher with July moving up to +165,000 from +147,000 and August moving up to +270,000 from +201,000.

-Entering the fourth quarter, the near-term focus clearly shifts to the outcome of the mid-term elections. Approaching and exiting election day, market volatility is likely to modestly increase as both parties eloquently postulate their ideologies in a mature, respectful and gracious manner, and market participants begin to draw conclusions on the pending make-up of Congress. Although a political shift in the November winds may have a short-term effect on stock markets, the longer-term effect should still be dependent on the projected direction of economic fundamentals and earnings growth, which we expect to remain constructive in the near-term.

Total Returns - October 5, 2018

| Stock Index | 1-Wk | YTD | 1-Yr |
|----------------------------------|-------|--------|-------|
| NASDAQ | -3.18 | 13.74 | 19.51 |
| S&P 500 | -0.95 | 9.52 | 15.27 |
| Dow Jones | 0.00 | 8.83 | 18.75 |
| Russell 2000 | -3.78 | 7.29 | 9.31 |
| S&P 400 | -2.54 | 4.76 | 9.83 |
| MSCI-Developed | -2.34 | -3.74 | 0.33 |
| MSCI-Emerging | -4.49 | -11.82 | -7.08 |
| Barclay's U.S. Bond Index | | | |
| High Yield | -0.44 | 2.12 | 2.42 |
| 5-year Muni | -0.28 | -0.18 | -0.86 |
| Municipal | -0.58 | -0.97 | -0.29 |
| Int. Gov. Credit | -0.45 | -1.21 | -1.40 |
| Aggregate | -0.94 | -2.53 | -2.10 |

U.S. Labor Market



U.S. Treasury Yields

| Treasury Yields | Latest Close | Week Ago | 1-Year Ago |
|-----------------|--------------|----------|------------|
| U.S. 1-Yr | 2.63 | 2.58 | 1.32 |
| U.S. 2-Yr | 2.88 | 2.81 | 1.48 |
| U.S. 3-Yr | 2.98 | 2.88 | 1.61 |
| U.S. 5-Yr | 3.07 | 2.95 | 1.92 |
| U.S. 10-Yr | 3.23 | 3.05 | 2.32 |
| U.S. 30-Yr | 3.40 | 3.19 | 2.87 |

S&P 500 - Sector Total Returns - October 5, 2018

| Sector | 1-Wk | YTD | 1-Yr |
|------------------------|-------|-------|-------|
| Info Tech | -2.20 | 17.97 | 27.02 |
| Health Care | -0.80 | 15.70 | 15.67 |
| Consumer Discretionary | -4.37 | 15.36 | 24.66 |
| Energy | 1.86 | 9.46 | 15.78 |
| Industrials | 0.77 | 5.64 | 10.51 |
| Utilities | 1.86 | 4.62 | 4.03 |
| Financials | 1.59 | 1.69 | 8.37 |
| Real Estate | -2.71 | -1.08 | 1.39 |
| Telecom Services | -2.20 | -1.46 | 1.15 |
| Materials | -0.51 | -3.23 | 1.31 |
| Consumer Staples | -0.89 | -4.20 | 1.33 |

Municipal Yields - Bloomberg/Barclays Index

| Issue Type | Latest Close | Week Ago | 1-Year Ago |
|----------------|--------------|----------|------------|
| U.S. AAA | 2.73 | 2.62 | 1.95 |
| U.S. AA | 2.83 | 2.71 | 2.05 |
| U.S. A | 3.16 | 3.05 | 2.51 |
| U.S. Baa | 3.74 | 3.62 | 3.18 |
| U.S. Municipal | 2.97 | 2.86 | 2.23 |
| Michigan | 3.03 | 2.93 | 2.37 |

| Index Characteristics | P/E NTM | P/E NTM 10yr-Avg. | Dividend Yield |
|-----------------------|---------|-------------------|----------------|
| S&P 500 - Large Cap | 16.66 | 14.54 | 1.75 |
| S&P 400 - Mid Cap | 15.98 | 15.25 | 1.46 |
| S&P 600 - Small Cap | 16.64 | 15.23 | 1.32 |