



**Economic & Market Commentary**

After two weeks of solid gains, most stock markets retreated last week on concerns that higher short-term rates and China tariffs are going to lead to a slowdown in economic and earnings growth. Add in an oil-price bear market, signs of slowing global growth and much weaker big-tech names, and we have a heightened level of uncertainty and increased volatility. These fears spilled over into the bond market last week as credit spreads, both investment and non-investment grade, widened to their highest levels since 2016 while treasury bonds saw a flight to quality driving yields moderately lower. The yield on the 10-yr treasury dipped to 3.07% from 3.19% a week ago. For quite some time, it has been no secret that economic growth as well as earnings growth was going to moderate in 2019. It just seems market participants have adjusted to this reality over the past month or so. The U.S. economy is expected to print its first annual growth rate of +3.0% or greater in 2018 (the first since 2005's +3.5%) but annual growth in 2019 is presently forecasted to moderate to a still respectable +2.5%. S&P 500 corporate earnings growth in 2018 has been very robust and is expected to end the year near +20.5%. This growth has been driving in large part from the 2017 tax-reform bill. S&P 500 earnings growth in 2019 is presently forecasted at 9.0%. This is down from the projection on September 30, 2018, when it stood at 10.4%. Despite all of the recent negative sentiment and sharp stock sell off, small business optimism in October remained high registering a level of 107.4. Here is select commentary from the report, "The employment picture is exceptionally good as small businesses hire or try to hire at record rates. The unemployment rate for individuals with less than a high school education is a shade over 5%, compared to a long term average of 9%. The participation rate for prime working age individuals is rising in response to better pay and more widespread job availability."

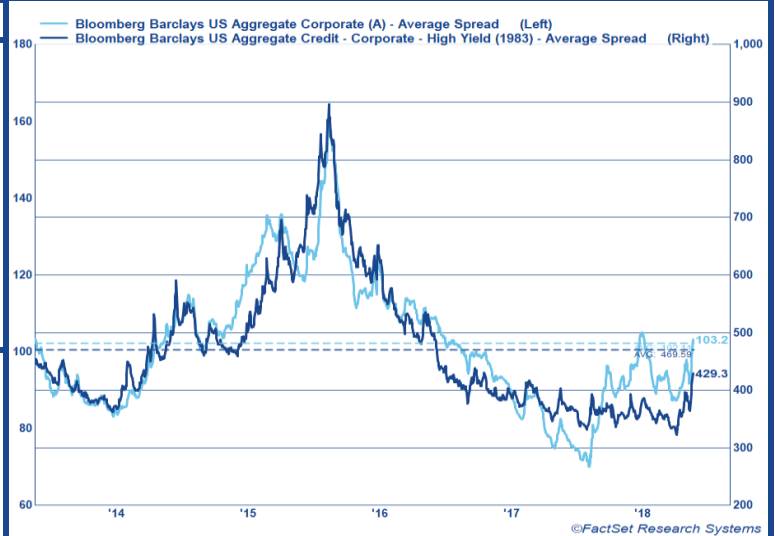
**Total Returns - November 16, 2018**

Stock Index	1-Wk	YTD	1-Yr
NASDAQ	-2.09	6.00	7.81
Dow Jones	-2.15	4.87	10.78
S&P 500	-1.54	4.11	7.88
Russell 2000	-1.37	0.55	4.06
S&P 400	-0.86	-0.52	3.20
MSCI-Developed	-1.43	-9.27	-6.18
MSCI-Emerging	1.05	-13.01	-10.23

Barclay's U.S. Bond Index			
	1-Wk	YTD	1-Yr
High Yield	-1.29	-0.08	0.79
5-year Muni	0.30	0.19	-0.17
Int. Gov. Credit	0.39	-0.59	-0.59
Municipal	0.42	-0.67	-0.40
Aggregate	0.47	-1.95	-1.59

**Credit Spreads**



**U.S. Treasury Yields**

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	2.68	2.74	1.55
U.S. 2-Yr	2.80	2.93	1.69
U.S. 3-Yr	2.86	3.00	1.80
U.S. 5-Yr	2.89	3.04	2.03
U.S. 10-Yr	3.07	3.19	2.32
U.S. 30-Yr	3.33	3.39	2.77

**Municipal Yields - Bloomberg/Barclays Index**

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	2.73	2.80	2.01
U.S. AA	2.84	2.90	2.10
U.S. A	3.19	3.25	2.53
U.S. Baa	3.81	3.84	3.17
U.S. Municipal	2.99	3.05	2.28
Michigan	3.07	3.11	2.41

**S&P 500 - Sector Total Returns - November 16, 2018**

Sector	1-Wk	YTD	1-Yr
Health Care	-1.01	12.85	14.75
Info Tech	-2.37	9.26	8.88
Consumer Discretionary	-3.74	7.87	14.64
Utilities	0.00	6.97	1.18
Real Estate	0.98	4.25	2.79
Consumer Staples	-1.70	0.26	4.43
Financials	-1.27	-2.81	4.14
Industrials	-0.62	-3.70	3.05
Energy	-1.91	-4.61	3.13
Communication Services	-1.07	-6.86	7.38
Materials	0.43	-7.45	-3.50

Index Characteristics	P/E	P/E NTM	Dividend
	NTM	10yr-Avg.	Yield
S&P 500 - Large Cap	15.72	14.60	1.88
S&P 400 - Mid Cap	15.06	15.32	1.56
S&P 600 - Small Cap	15.99	15.39	1.45