



Economic & Market Commentary

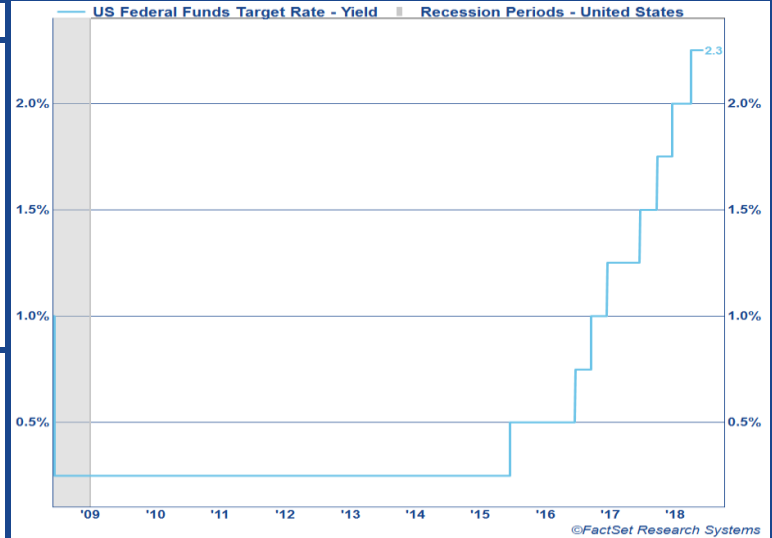
The Polka Dot Door, The Polka Dot Door, Let's peek thru the Fed's Polka Dot Door. Remember that little jingle from the kid's show? If yes, your no spring chicken. If no, Google it. The Fed's version of the Polka Dot Door is the dot plotter that shows Federal Reserve members estimate of appropriate short-term rates for the next three years. The mid-point of each year range is taken as the expected course of action for monetary policy. Currently, the Fed is projecting one more rate hike this year and four more rate hikes in 2019. During a speech last Wednesday, Federal Reserve Chair Jerome Powell commented that short-term rates are "just below the neutral rate", which is in direct contrast to his comment last October when he stated that "short-term rates were a long way from neutral." This perceived shift to a more dovish policy stance sent stocks soaring for the day and the week. Investor's have been concerned the Fed's monetary policy may be becoming too restrictive leading to a tightening of overall financial conditions and a slowdown in economic activity and is one reason why the stock market has been under pressure over the past two months. When the Federal Open Market Committee (FOMC) releases their statement and economic projections on December 19th, changes in the statement and the dot plotter are going to be a primary focus, and market participants are anticipating a softening in policy tone from each.

This coming week is going to be busy on the economic front as ISM manufacturing and service surveys are to be released. Manufacturing activity has been slowing globally and trade policy is getting much of the blame. Also, labor market data comes out this Friday and a main focus is going to be the pace of wage growth. Higher wage growth puts Fed policy into question.

Total Returns - November 30, 2018

Stock Index	1-Wk	YTD	1-Yr
NASDAQ	5.66	7.24	7.75
Dow Jones	5.32	5.59	7.62
S&P 500	4.91	5.11	6.27
Russell 2000	3.04	0.98	0.57
S&P 400	3.00	0.26	0.48
MSCI-Developed	0.97	-9.39	-7.94
MSCI-Emerging	2.65	-12.24	-9.09
Barclay's U.S. Bond Index			
5-year Muni	0.39	0.70	1.17
High Yield	0.44	0.06	0.36
Municipal	0.54	0.08	1.13
Int. Gov. Credit	0.09	-0.45	-0.34
Aggregate	0.13	-1.79	-1.34

Fed Funds Target Rate



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	2.70	2.67	1.62
U.S. 2-Yr	2.82	2.82	1.77
U.S. 3-Yr	2.84	2.83	1.87
U.S. 5-Yr	2.85	2.87	2.11
U.S. 10-Yr	3.01	3.04	2.39
U.S. 30-Yr	3.31	3.30	2.82

S&P 500 - Sector Total Returns - November 30, 2018

Sector	1-Wk	YTD	1-Yr
Health Care	6.01	16.50	15.75
Consumer Discretionary	6.55	10.04	12.70
Info Tech	6.14	8.93	8.94
Utilities	2.79	8.47	1.81
Real Estate	2.79	5.60	5.07
Consumer Staples	2.97	0.81	3.04
Financials	3.90	-1.98	-0.06
Industrials	4.13	-2.90	-1.06
Communication Services	5.51	-5.66	-0.21
Energy	3.50	-6.21	-1.63
Materials	2.56	-8.38	-6.61

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	2.61	2.70	2.21
U.S. AA	2.71	2.81	2.30
U.S. A	3.08	3.16	2.71
U.S. Baa	3.69	3.77	3.31
U.S. Municipal	2.87	2.96	2.47
Michigan	2.93	3.03	2.62

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	15.82	14.62	1.86
S&P 400 - Mid Cap	15.21	15.35	1.56
S&P 600 - Small Cap	16.06	15.40	1.44