



Economic & Market Commentary

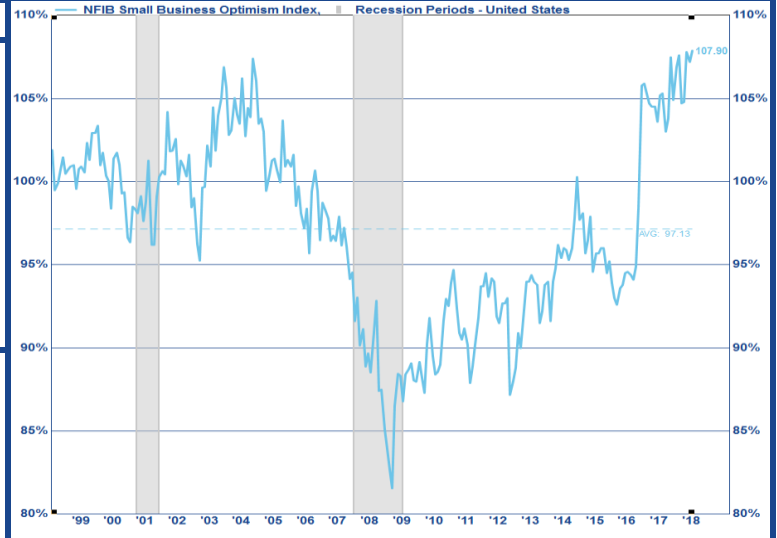
-Market volatility was on the rise early last week as markets were under pressure on concerns related to Turkey's financial crisis and what impact it may have on European banks with large exposure to Turkey's debt. The spillover of these concerns rocked emerging markets, which were down -3.7% last week and are down -10.2% YTD. Federal Reserve monetary policy (raising short-term rates and unwinding its balance sheet) is driving much of the weakness within emerging markets as dollar strength is putting tremendous pressure on their currencies and yields. As the Fed unwinds its balance sheet, it is draining liquidity out of the market and driving the dollar higher. Many economists believe the Fed will ultimately have to cut short the dollar amount of their balance sheet unwinding due to the havoc caused by this policy. Presently, the Fed is unwinding roughly \$40 billion a month off of its balance sheet and this is expected to rise to \$50 billion a month beginning in October. As the week progressed, domestic markets bounced back on continued optimism and on the positive development of renewed trade talks between the U.S. and China. Officials from the U.S. and China are expected to meet later this month in advance of a November meeting between President Trump and Chinese President Xi. Regarding trade, this appears to be the main issue holding back market multiple expansion, as economic fundamentals remain solid.

-On the economic front last week, the NFIB reported that small business optimism in July remained high registering a level of 107.9, which is the second highest reading ever recorded. The NAHB reported that builder confidence remains elevated as the August survey posted a reading of 67. The report cited, "strong demand for new housing, however, they are increasingly focused on growing affordability concerns, stemming from rising construction costs and shortages of skilled labor."

Total Returns - August 17, 2018

Stock Index	1-Wk	YTD	1-Yr
NASDAQ	-0.23	14.01	26.94
Russell 2000	0.40	11.08	26.17
S&P 500	0.66	7.92	19.57
S&P 400	0.76	6.78	20.40
Dow Jones	1.48	5.36	20.71
MSCI-Developed	-1.10	-4.05	2.80
MSCI-Emerging	-3.69	-10.16	-1.56
Barclay's U.S. Bond Index			
High Yield	0.02	1.56	3.51
5-year Muni	0.05	0.70	-0.52
Municipal	0.14	0.18	0.79
Int. Gov. Credit	0.01	-0.50	-0.87
Aggregate	-0.02	-1.10	-0.78

Small Business Optimism



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	2.45	2.42	1.25
U.S. 2-Yr	2.61	2.60	1.33
U.S. 3-Yr	2.68	2.68	1.49
U.S. 5-Yr	2.74	2.73	1.78
U.S. 10-Yr	2.87	2.86	2.23
U.S. 30-Yr	3.03	3.02	2.81

S&P 500 - Sector Total Returns - August 17, 2018

Sector	1-Wk	YTD	1-Yr
Info Tech	-0.11	16.63	32.08
Consumer Discretionary	-0.20	14.85	28.65
Health Care	1.65	11.28	18.39
Utilities	2.85	5.33	4.13
Real Estate	3.04	4.64	8.67
Energy	-3.42	2.17	20.95
Financials	0.62	1.73	16.50
Industrials	1.51	1.50	13.62
Telecom Services	3.65	-1.10	6.16
Consumer Staples	3.31	-2.19	2.07
Materials	-0.44	-2.28	11.00

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	2.40	2.41	1.80
U.S. AA	2.52	2.53	1.91
U.S. A	2.86	2.86	2.41
U.S. Baa	3.41	3.43	3.23
U.S. Municipal	2.66	2.67	2.12
Michigan	2.78	2.79	2.24

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	16.68	14.46	1.77
S&P 400 - Mid Cap	16.68	15.22	1.42
S&P 600 - Small Cap	18.01	15.11	1.25