



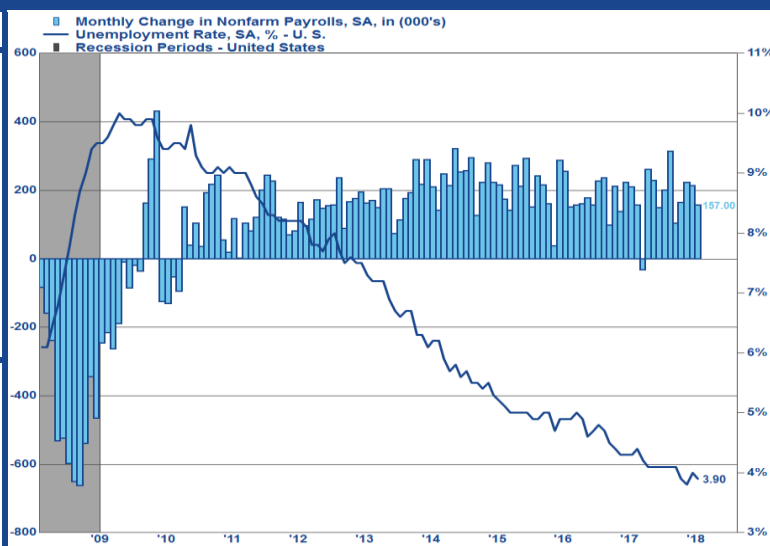
Economic & Market Commentary

U.S. stocks finished higher last week while international stocks declined. Bonds were mixed with the yield curve steepening slightly. Bottom line last week was the combination of strong 2Q18 earnings growth and continued solid economic data bested escalating tariff rhetoric. A good example of this was last Thursday when the market opened sharply lower on confirmation late Wednesday afternoon from the White House that the Trump Administration was considering imposing a 25% tariff on \$200 billion of Chinese goods. As the day progressed, tariff concerns were soon overshadowed by the momentum of earnings and revenue growth, and the strong undercurrent of improving economic fundamentals. With 81% of companies having reported their earnings results, the 2Q18 earnings growth rate for the S&P 500 stands at 24.0%, which is better than the consensus growth estimate of 20%. The earnings growth rate for 2Q18 may end up exceeding 1Q18's rate of 24.7%. Economic data released last week reflected an improving economy with modest inflation. The Federal Reserve kept the target rate at 2.0%, but in its FOMC press release stated "economic activity has been rising at a **strong** rate." This is an upgrade from its June FOMC statement when they stated, "economic activity has been rising at a **solid** rate." ISM surveys reported that activity remains robust on the manufacturing and service fronts. Manufacturing registered a reading of 58.1% while service registered a reading of 55.7%. Both measures were lower from the prior month but survey respondents cited strong broad-based industry activity. The labor market remains strong as the unemployment rate in July dipped to 3.9% and 157,000 jobs were added. May and June job #'s were revised higher bringing the 3-month average to 224,000, and wage pressure remains in-check as hourly wages grew at a 2.7% rate over the past year. The Employment Cost Index showed wages grew 2.8% over the past year.

Total Returns - August 3, 2018

Stock Index	1-Wk	YTD	1-Yr
NASDAQ	0.98	13.81	24.50
Russell 2000	0.63	9.73	20.61
S&P 500	0.80	7.40	17.13
S&P 400	1.29	6.15	16.28
Dow Jones	0.05	4.28	18.23
MSCI-Developed	-1.45	-1.54	4.10
MSCI-Emerging	-1.68	-5.80	3.23
Barclay's U.S. Bond Index			
High Yield	0.33	1.42	2.72
5-year Muni	-0.07	0.60	-0.27
Municipal	-0.09	-0.11	0.69
Int. Gov. Credit	0.17	-0.82	-1.06
Aggregate	0.14	-1.50	-1.07

U.S. Labor Market



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	2.42	2.42	1.23
U.S. 2-Yr	2.64	2.67	1.36
U.S. 3-Yr	2.73	2.76	1.51
U.S. 5-Yr	2.82	2.85	1.83
U.S. 10-Yr	2.95	2.96	2.27
U.S. 30-Yr	3.09	3.09	2.86

S&P 500 - Sector Total Returns - August 3, 2018

Sector	1-Wk	YTD	1-Yr
Info Tech	1.18	16.24	31.04
Consumer Discretionary	0.17	14.15	24.57
Health Care	2.16	9.70	14.73
Energy	-1.74	5.86	18.85
Real Estate	3.37	3.41	6.76
Utilities	1.25	2.95	2.14
Financials	-0.01	1.61	13.59
Industrials	-0.19	0.92	10.69
Materials	-0.13	-1.00	11.09
Consumer Staples	1.77	-3.52	1.10
Telecom Services	2.22	-5.24	-0.50

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	2.43	2.39	1.82
U.S. AA	2.55	2.52	1.94
U.S. A	2.89	2.87	2.45
U.S. Baa	3.46	3.45	3.32
U.S. Municipal	2.69	2.66	2.15
Michigan	2.79	2.77	2.26

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	16.67	14.45	1.77
S&P 400 - Mid Cap	16.66	15.20	1.42
S&P 600 - Small Cap	17.60	15.10	1.26