



**Economic & Market Commentary**

Economic data released last week reflected the underlying fundamentals of the U.S. economy remain solid which sent stock markets higher and most bond markets lower. Last Tuesday, The National Federation of Independent Business (NFIB) reported their **Small Business Optimism Index hit an all-time record high** of 108.8 in August surpassing the previous high of 108.0 set in July 1983. This survey began in 1973 and is 45 years old. NFIB Chief Economist Bill Dunkelberg commented, "The small business engine continues to roar with the dramatic change in economic policies since November 2016. At the beginning of this historic run, Index gains were dominated by expectations: good time to expand, expected real sales, inventory satisfaction, and expected business conditions. Now, the Index is dominated by real business activity that makes GDP grow: job creation plans, job openings, strong capital spending plans, record inventory investment plans and earnings. Small business is clearly helping to drive that four percent growth in the domestic economy."

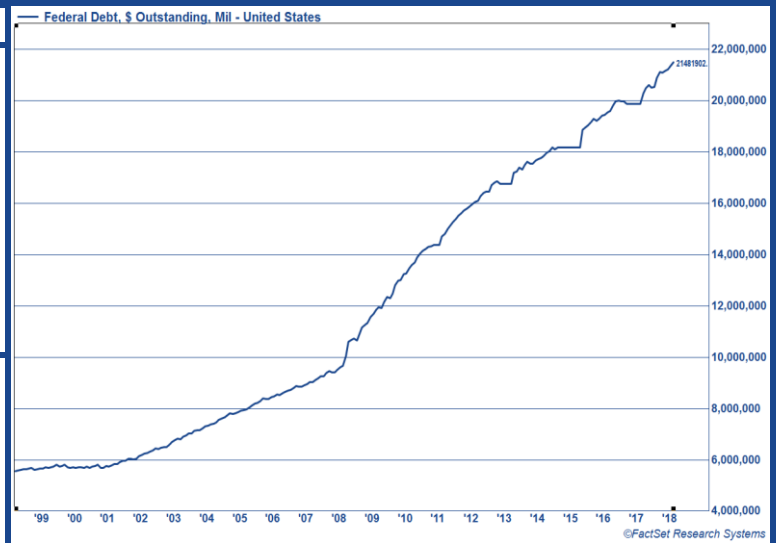
**Inflation data** for August surprised to the downside as both the Consumer Price Index (CPI) and Producer Price Index (PPI) came in lower than forecasted. Headline CPI registered +0.2% vs. the expected +0.3% while PPI declined -0.1% vs. the expected +0.2%. CPI & PPI y/y rose 2.7% and 2.8% respectively and both came in lower than expected. Thus, inflation is presently trending higher but not accelerating.

**Retail sales** for August came in a little softer than expected at +0.1% vs +0.4% expected, but July was revised higher from +0.5% to +0.7%. The labor market continues to rock as **weekly initial jobless claims** posted a level of 204,000, which is the lowest level since December 6, 1969. The U.S. Treasury reported the **U.S. Gov't's budget** in August posted a deficit of \$214 billion, bringing the U.S. 2017/2018 (11 months) fiscal year budget deficit to \$898 billion. Trillion \$ FY deficit likely. U.S. outstanding debt stands at \$21.5 trillion.

**Total Returns - September 14, 2018**

Stock Index	1-Wk	YTD	1-Yr
NASDAQ	1.39	16.92	25.90
Russell 2000	0.54	13.08	22.36
S&P 500	1.21	10.18	18.68
S&P 400	1.01	8.86	19.01
Dow Jones	0.94	7.59	20.47
MSCI-Developed	1.78	-3.36	1.69
MSCI-Emerging	0.59	-9.49	-4.31
<b>Barclay's U.S. Bond Index</b>			
High Yield	0.45	2.32	3.33
5-year Muni	-0.10	0.31	-0.96
Municipal	-0.18	-0.21	0.00
Int. Gov. Credit	-0.14	-0.76	-1.22
Aggregate	-0.11	-1.51	-1.37

**Outstanding U.S. Debt**



**U.S. Treasury Yields**

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	2.57	2.51	1.27
U.S. 2-Yr	2.78	2.69	1.35
U.S. 3-Yr	2.85	2.77	1.48
U.S. 5-Yr	2.90	2.82	1.77
U.S. 10-Yr	2.99	2.94	2.19
U.S. 30-Yr	3.13	3.10	2.79

**S&P 500 - Sector Total Returns - September 14, 2018**

Sector	1-Wk	YTD	1-Yr
Info Tech	1.85	19.68	31.28
Consumer Discretionary	1.21	19.39	31.48
Health Care	1.08	14.22	14.44
Industrials	1.92	5.25	14.58
Utilities	0.44	4.97	2.05
Energy	2.06	4.58	15.49
Real Estate	0.42	3.59	4.75
Financials	-0.32	1.97	16.02
Telecom Services	2.89	-0.50	9.43
Materials	0.61	-0.55	7.79
Consumer Staples	0.81	-2.51	1.71

**Municipal Yields - Bloomberg/Barclays Index**

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	2.55	2.50	1.79
U.S. AA	2.65	2.60	1.90
U.S. A	2.98	2.94	2.38
U.S. Baa	3.53	3.50	3.09
U.S. Municipal	2.79	2.74	2.09
Michigan	2.89	2.85	2.20

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	16.86	14.50	1.74
S&P 400 - Mid Cap	16.77	15.24	1.40
S&P 600 - Small Cap	18.10	15.19	1.23