



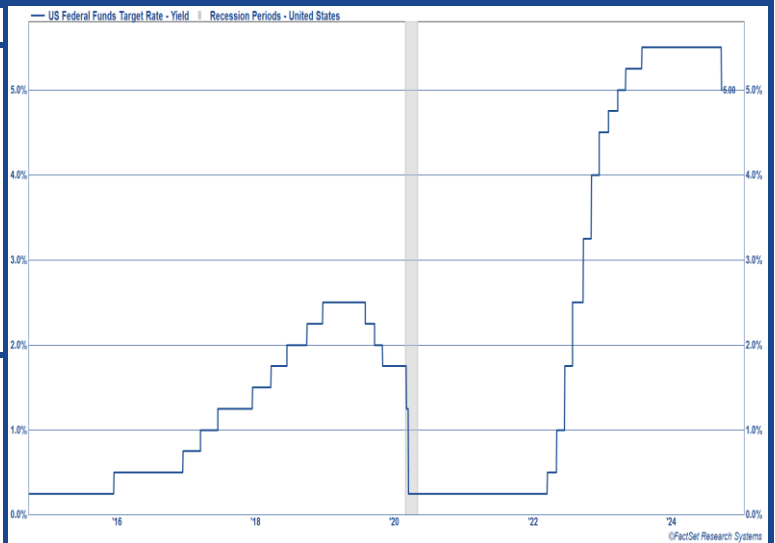
Economic & Market Commentary

The decisive dovish (lower-rate monetary policy) pivot by the Fed and the continuation of solid economic data drove last week's upside. Treasuries were mostly weaker with the curve steepening as the 2/10 spread ended the week nearly 15bps in positive territory, meaning the yield curve continues to steepen after being inverted (2-year rate higher than 10-year rate) for two years. After months of anticipation, the Fed this week opened up its long-expected easing cycle with a 50bp rate cut, matching suddenly changed expectations as represented by futures pricing last Monday but coming against broad analyst consensus forecasting only 25bp. The Fed's latest Summary of Economic Projections (SEP) showed median policymaker expectations for 50bp more in cuts this year and 100bp for 2025. Fed Chair Powell characterized the FOMC's actions as an "appropriate recalibration" of policy and a sign of the bank's commitment to not getting behind the curve. He stressed that the Fed will remain data dependent and that there is room to cut faster should the labor market slow unexpectedly. Beyond the Fed, the market processed a smattering of generally upbeat economic reports which helped further support expectations for a soft landing. Headline August retail sales were slightly positive (+0.10%) vs expectations for a decline (-0.20%), with economists pointing to favorable weather and solid back-to-school shopping trends. Weekly initial jobless claims printed at their lowest level since May, with continuing claims dropping as well. August housing starts and permits beat, while September NAHB homebuilder sentiment rose after four consecutive monthly declines. Analysts noted recent easing cycles have tended to be followed by solid equity performance. Stock market bulls have pointed to prospects for still-solid Q3 earnings growth, resilient consumer spending, slowing but still growing employment, and more Fed cuts as catalysts for further market gains.

Index Total Returns - September 20, 2024

| | 1-Wk | YTD | 1-Yr |
|----------------------------------|-------|-------|-------|
| S&P 500 | 1.39 | 20.78 | 28.47 |
| NASDAQ | 1.51 | 20.21 | 28.91 |
| Dow Jones | 1.67 | 13.21 | 23.66 |
| S&P 400 | 2.30 | 12.80 | 19.34 |
| Russell 2000 | 2.10 | 11.00 | 19.12 |
| MSCI-Developed | 0.43 | 10.58 | 17.93 |
| MSCI-Emerging | 2.26 | 10.37 | 15.94 |
| Barclay's U.S. Bond Index | | | |
| High Yield | 0.82 | 7.84 | 14.20 |
| Int. Gov. Credit | -0.03 | 4.80 | 8.40 |
| Aggregate | -0.22 | 4.70 | 9.00 |
| Municipal | 0.17 | 2.16 | 7.00 |
| 5-year Muni | 0.11 | 2.05 | 5.58 |

Fed Funds Target Rate



U.S. Treasury Yields

| Treasury Yields | Latest Close | Week Ago | 1-Year Ago |
|-----------------|--------------|----------|------------|
| U.S. 1-Yr | 3.93 | 4.01 | 5.47 |
| U.S. 2-Yr | 3.58 | 3.58 | 5.17 |
| U.S. 3-Yr | 3.47 | 3.44 | 4.85 |
| U.S. 5-Yr | 3.49 | 3.43 | 4.55 |
| U.S. 10-Yr | 3.73 | 3.66 | 4.37 |
| U.S. 30-Yr | 4.08 | 3.98 | 4.41 |

S&P 500 Sector Total Returns - September 20, 2024

| Sector | 1-Wk | YTD | 1-Yr |
|------------------|-------|-------|-------|
| Utilities | 2.00 | 28.68 | 31.84 |
| Info Tech | 1.00 | 28.11 | 39.78 |
| Comm. Services | 3.73 | 26.51 | 35.78 |
| Financials | 2.36 | 22.15 | 34.92 |
| Consumer Staples | -1.18 | 18.41 | 19.31 |
| Industrials | 2.03 | 17.76 | 25.18 |
| Health Care | -0.51 | 14.92 | 18.67 |
| Real Estate | -1.15 | 13.54 | 25.14 |
| Con. Discretion | 2.30 | 12.26 | 18.66 |
| Materials | 1.56 | 11.05 | 15.98 |
| Energy | 3.80 | 8.37 | 3.50 |

Municipal Yields - Bloomberg/Barclays Index

| Issue Type | Latest Close | Week Ago | 1-Year Ago |
|----------------|--------------|----------|------------|
| U.S. AAA | 3.19 | 3.20 | 3.71 |
| U.S. AA | 3.19 | 3.21 | 3.75 |
| U.S. A | 3.57 | 3.59 | 4.23 |
| U.S. Baa | 4.08 | 4.09 | 4.79 |
| U.S. Municipal | 3.33 | 3.35 | 3.91 |
| Michigan | 3.47 | 3.49 | 4.06 |

| Index Characteristics | P/E NTM | P/E NTM 10yr-Avg. | Dividend Yield |
|-----------------------|---------|-------------------|----------------|
| S&P 500 - Large Cap | 21.48 | 18.30 | 1.23 |
| S&P 400 - Mid Cap | 15.98 | 15.88 | 1.36 |
| S&P 600 - Small Cap | 15.33 | 15.27 | 1.63 |