



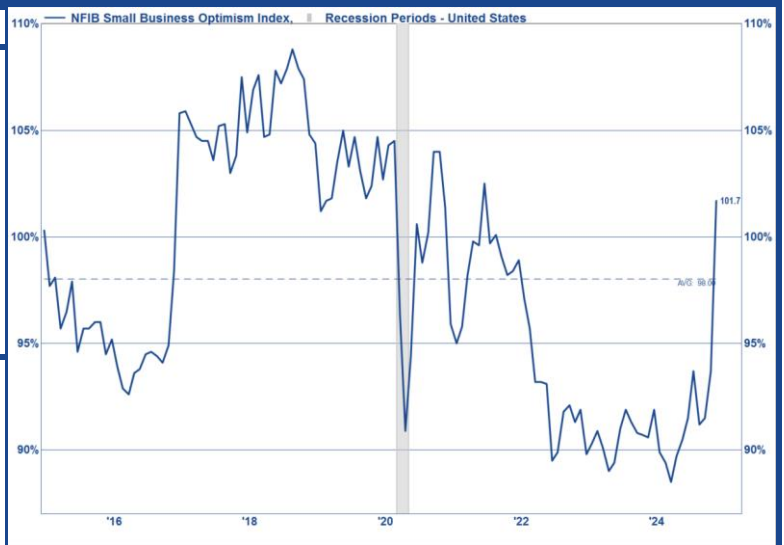
Economic & Market Commentary

Stock markets were mostly down last week while bond yields trended higher. Last week's data shows inflation holding steady with a slight uptick in headline inflation driven by food prices, but core inflation remaining stable. This scenario supports the market's expectation of continued monetary policy easing by the Federal Reserve in response to inflation being under control yet still above target. Currently, there is a 97.1% probability of a 25 basis point rate cut at the December 18th Federal Open Market Committee (FOMC) meeting, which would bring the target rate a down a full percentage point this year. The data suggests a cautious optimism among investors regarding inflation's trajectory and its impact on economic policy and market performance. Headline CPI month-over-month (m/m) increased by +0.3%, aligning with expectations, while year-over-year (y/y) rose to +2.7% from +2.6% in October, which met consensus forecasts. This increase was influenced by higher food and energy prices. Core CPI, (excludes food and energy prices) m/m rose +0.3%, in line with expectations, while y/y remained flat at +3.3% showing no change from the prior month. Small business optimism in November surged. The National Federation of Independent Business (NFIB) Small Business Optimism Index jumped by eight points to 101.7, marking the highest reading since June 2021. This increase ended a 34-month streak where the index remained below its 50-year average of 98. The shift in economic policy expected for a more favorable tax and regulatory environment under Trump's administration led to the surge in optimism among small business owners. Important to note that inflation was still a concern with 20% of small business owners citing it as their single most important problem, though this was down from previous months. The net percentage of owners raising average selling prices rose, indicating moderate ongoing pricing pressures.

Index Total Returns - December 13, 2024

	1-Wk	YTD	1-Yr
NASDAQ	0.36	33.67	36.24
S&P 500	-0.61	28.55	30.36
S&P 400	-1.58	19.53	23.01
Dow Jones	-1.78	18.43	20.36
Russell 2000	-2.55	17.27	22.20
MSCI-Emerging	0.25	10.57	16.47
MSCI-Developed	-1.52	6.41	10.80
Barclay's U.S. Bond Index			
High Yield	-0.22	8.87	11.37
Int. Gov. Credit	-0.64	3.29	4.21
Municipal	-0.87	1.99	3.57
Aggregate	-1.38	1.97	3.27
5-year Muni	-0.44	1.73	2.69

NFIB - Small Business Optimism



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.23	4.17	4.96
U.S. 2-Yr	4.24	4.09	4.44
U.S. 3-Yr	4.22	4.05	4.14
U.S. 5-Yr	4.25	4.03	3.98
U.S. 10-Yr	4.40	4.15	4.02
U.S. 30-Yr	4.61	4.33	4.18

S&P 500 Sector Total Returns - December 13, 2024

Sector	1-Wk	YTD	1-Yr
Comm. Services	2.47	44.42	49.91
Info Tech	-0.15	39.37	40.37
Con. Discretion	1.40	36.50	38.74
Financials	-1.90	33.12	35.27
Utilities	-2.64	25.56	21.78
Industrials	-2.24	21.91	24.96
Consumer Staples	-0.62	19.31	19.77
Real Estate	-2.24	9.60	12.62
Energy	-2.04	9.24	12.29
Materials	-2.90	5.54	8.28
Health Care	-2.29	4.70	5.45

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.41	3.25	3.21
U.S. AA	3.41	3.26	3.28
U.S. A	3.80	3.64	3.81
U.S. Baa	4.30	4.13	4.44
U.S. Municipal	3.55	3.39	3.45
Michigan	3.72	3.57	3.60

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	22.30	18.45	1.18
S&P 400 - Mid Cap	16.66	15.91	1.31
S&P 600 - Small Cap	16.55	15.52	1.50