



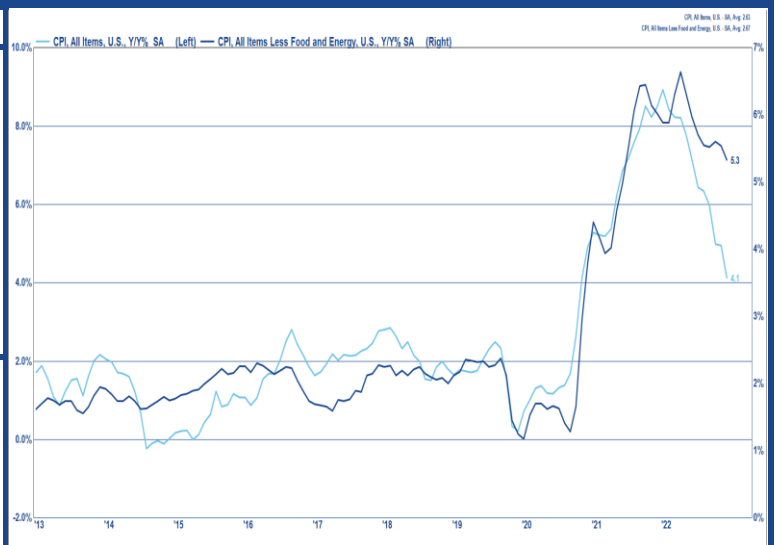
Economic & Market Commentary

Stocks finished modestly higher last week while bonds were basically flat. Driving stock markets higher last week were reports pertaining to the Fed's June FOMC and May Consumer Price Index (CPI). The Fed on Wednesday held rates steady for the first time after a 10-meeting hiking campaign that brought 500bp of tightening. But at the same time, the statement and press conference hinted at the possibility of more hikes ahead, should these be necessary. While the 50bp rise in the median 2023 forecast on the dot plot in June's updated Summary of Economic Projections was more hawkish than expected, the meeting was largely consistent with the incoming consensus for the Fed to "skip" and give more time for the economic backdrop to evolve. The Fed's economic projections were considered more hawkish because they raised the U.S. GDP 2023 growth forecast from +0.4% to +1.0%, lowered the unemployment rate from +4.5% to +4.1%, increased the core CPI rate (which excludes food and energy) from 3.6% to 3.9%, and increased the fed funds target rate to +5.6% from +5.1% (two more rate hikes this year). As usual, the bond market is not in line with Fed projections as bond futures pricing now reflects expectations for a 25bp hike in July, then a pause through the end of the year, and a first rate cut at the FOMC's January 2024 meeting. The May CPI report (which was released the day before the Fed decision) showed a cooler-than-expected headline increase, with the y/y change dropping to just 4.0% (the lowest since March 2021). While some core elements remained elevated (particularly used cars and shelter), analyst takes were relatively optimistic. May PPI also posted a larger-than-expected monthly decline on lower energy prices, with the core largely in line. The disinflation and soft-landing themes were a notable part of the bullish narrative these past few weeks, which also benefited from some continued FOMO that has driven \$40 billion in inflows to US equity funds over the past three weeks.

Index Total Returns - June 16, 2023

	1-Wk	YTD	1-Yr
NASDAQ	3.26	31.35	29.75
S&P 500	2.62	15.78	22.35
MSCI-Developed	2.88	13.65	20.91
MSCI-Emerging	2.91	8.85	5.21
Russell 2000	0.58	7.25	15.45
S&P 400	1.56	7.02	19.28
Dow Jones	1.31	4.60	17.11
Barclay's U.S. Bond Index			
High Yield	0.44	5.31	7.84
Municipal	0.24	2.38	4.18
Aggregate	0.20	2.22	0.47
Int. Gov. Credit	-0.04	1.67	0.98
5-year Muni	0.17	0.99	1.95

U.S. Consumer Price Index - CPI



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	5.22	5.19	2.78
U.S. 2-Yr	4.72	4.62	3.16
U.S. 3-Yr	4.33	4.26	3.34
U.S. 5-Yr	4.00	3.92	3.37
U.S. 10-Yr	3.78	3.74	3.31
U.S. 30-Yr	3.86	3.88	3.36

S&P 500 Sector Total Returns - June 16, 2023

Sector	1-Wk	YTD	1-Yr
Info Tech	4.45	41.57	43.61
Communication Services	2.13	36.77	21.01
Consumer Discretionary	3.16	29.87	24.68
Industrials	2.96	7.82	25.24
Materials	3.36	5.61	11.49
Real Estate	1.69	2.77	0.66
Consumer Staples	2.11	1.06	11.77
Financials	1.23	-1.39	11.27
Health Care	1.50	-2.30	12.17
Utilities	1.35	-3.85	6.00
Energy	-0.67	-6.64	9.00

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.23	3.26	3.05
U.S. AA	3.39	3.41	3.23
U.S. A	3.89	3.92	3.67
U.S. Baa	4.54	4.57	4.21
U.S. Municipal	3.54	3.57	3.38
Michigan	3.70	3.71	3.50

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	19.09	17.59	1.51
S&P 400 - Mid Cap	13.64	15.45	1.56
S&P 600 - Small Cap	13.78	16.11	1.72