



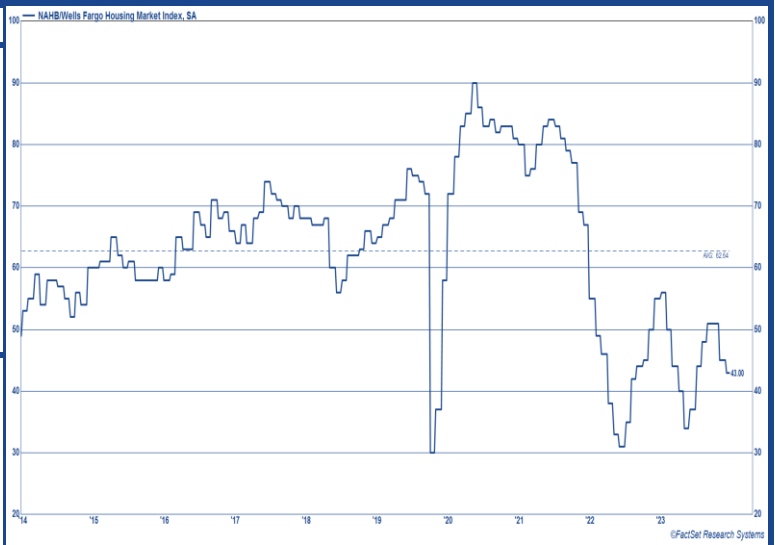
Economic & Market Commentary

Stocks finished higher last week while bonds were mixed. There were both bullish and bearish developments throughout the week. On the bullish side: 1) there were strong inflows with global equities attracting more than \$25B in latest week; 2) earnings expectations remain intact for 2024 and 2025 and estimates have actually moved higher of late which is important to sustain and growth valuations; 3) AI secular growth theme still intact; 4) US flash PMIs were strong and accompanied by cooling inflation; 5) the \$13B auction of 20-year bonds on Tuesday saw good demand after the well-received 10-year and 30-year offerings last week. On the bearish side: 1) Nvidia snapped eight-week winning streak; 2) corporate earnings implications from weak retail sales report; 3) homebuilder sentiment fell to a six-month low, housing starts fell to slowest pace since June 2020 in May; 4) The pace of government spending and treasury bill/bond issuance is unsustainable. May retail sales came in lower than expected adding to the growing pool of evidence of a cooling US economy. The softer retail sales report comes after both CPI and PPI came in below consensus earlier this month. Economists contend the report reflected an increasingly cautious consumer with spending cooling in a largely orderly fashion. The May retail report was the latest soft economic reading for May, boosting Fed rate cut expectations for a September rate cut. One month ago, the chance of a September rate cut stood at 44.9% and as of this morning it stands at 59.5%. Bond futures are also pricing in one more rate cut later in the fourth quarter. The Federal Reserve latest economic projections price in just one cut this year. Ultimately, any rate cut is going to be data dependent as the Fed will be focused on continued trends of lower inflation, a weakening economy, and a softer labor market. If these trends continue to unfold, the chances of a rate cut increase. If not, the chances diminish.

Index Total Returns - June 21, 2024

	1-Wk	YTD	1-Yr
NASDAQ	0.01	18.26	32.02
S&P 500	0.63	15.36	27.08
MSCI-Emerging	0.98	7.42	11.06
S&P 400	1.28	6.17	16.50
MSCI-Developed	0.07	4.97	10.83
Dow Jones	1.50	4.87	17.68
Russell 2000	0.80	0.40	10.19
Barclay's U.S. Bond Index			
High Yield	0.21	2.54	10.83
Int. Gov. Credit	-0.07	0.67	4.02
Aggregate	-0.15	-0.07	2.89
Municipal	-0.01	-0.18	3.53
5-year Muni	0.05	-0.66	2.47

Home Builder Optimism



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	5.10	5.06	5.25
U.S. 2-Yr	4.73	4.69	4.70
U.S. 3-Yr	4.46	4.43	4.29
U.S. 5-Yr	4.27	4.23	3.96
U.S. 10-Yr	4.25	4.21	3.72
U.S. 30-Yr	4.39	4.34	3.81

S&P 500 Sector Total Returns - June 21, 2024

Sector	1-Wk	YTD	1-Yr
Info Tech	-0.66	28.79	46.27
Comm. Services	0.77	25.10	44.88
Utilities	-0.75	10.57	7.22
Financials	1.70	10.38	26.64
Consumer Staples	0.97	9.67	9.48
Industrials	1.55	8.36	18.96
Health Care	0.65	8.16	13.09
Energy	1.86	8.04	15.80
Materials	0.80	5.19	13.13
Con. Discretion	2.50	5.18	15.82
Real Estate	-0.16	-3.23	7.39

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.51	3.50	3.21
U.S. AA	3.54	3.53	3.36
U.S. A	3.90	3.89	3.86
U.S. Baa	4.36	4.34	4.50
U.S. Municipal	3.66	3.65	3.52
Michigan	3.79	3.78	3.68

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	21.14	18.16	1.28
S&P 400 - Mid Cap	15.08	15.70	1.47
S&P 600 - Small Cap	13.89	15.30	1.81