



Economic & Market Commentary

As has been the case over the past couple of months, the stock market last week exhibited high volatility with a tale of two halves ending the week moderately lower. Early strength with record highs gave way to a late sell-off driven by disappointing corporate guidance from Walmart and regulatory related pressure on UnitedHealth. Walmart's guidance disappointed investors as they expressed caution about consumer spending and potential tariff-related cost pressures moving forward. The combination of Walmart's weak guidance along with an unexpected weak January Retail Sales report heightened investor uncertainty. United Health stock was under serious pressure due to a new Justice Department probe of billing practices. This revelation along with DOGE audited Medicaid and Medicare did not sit well with investors as United Health fell -7.2%. At the sector level, there was a rotation toward defensive stocks and away from growth stocks. The S&P 500 Sector table below highlights this rotation as Health Care, Consumer Staples, and Utilities advanced last week while Consumer Discretion, Industrials, Communication Services, and Information Technology lagged. Also feeding into the bearish tone at weeks end was the University of Michigan Consumer Sentiment Survey. Consumers expressed worries about a potential return of high inflation and a weakening business outlook, contributing to the lowest sentiment reading since July 2024 as consumer sentiment declined to 64.7 from 67.8 last month. Additionally, and a factor that the Federal Reserve watches closely, long-term inflation expectations rose to 3.5% from 3.3% the prior month hinting at concerns about persistent price pressures. With investor uncertainty on the rise, bond yields moved modestly lower last week but any significant lower movement in yields is likely to be tempered by inflation expectations, tariffs policies, and the Fed's cautious approach to further rate cuts.

Index Total Returns - February 21, 2025

	1-Wk	YTD	1-Yr
MSCI-Developed	-0.12	8.17	11.00
MSCI-Emerging	2.00	6.88	15.15
S&P 500	-1.63	2.42	22.35
Dow Jones	-2.48	2.29	14.51
NASDAQ	-2.49	1.18	26.19
S&P 400	-3.00	-0.48	11.95
Russell 2000	-3.69	-1.44	11.57
Barclay's U.S. Bond Index			
High Yield	0.02	1.64	10.08
Aggregate	0.35	1.47	5.02
Int. Gov. Credit	0.29	1.11	5.16
5-year Muni	0.18	1.08	2.67
Municipal	0.17	0.89	2.58

MBA Avg. Weekly 15Yr & 30Yr Mortgage Rates



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.15	4.21	4.97
U.S. 2-Yr	4.20	4.26	4.68
U.S. 3-Yr	4.20	4.27	4.44
U.S. 5-Yr	4.26	4.33	4.30
U.S. 10-Yr	4.42	4.48	4.33
U.S. 30-Yr	4.67	4.70	4.48

S&P 500 Sector Total Returns - February 21, 2025

Sector	1-Wk	YTD	1-Yr
Health Care	1.13	6.53	2.40
Consumer Staples	0.95	6.50	18.07
Utilities	1.49	6.06	33.76
Energy	1.08	5.96	8.61
Financials	-1.98	5.10	30.24
Comm. Services	-3.68	4.92	33.31
Materials	-1.99	4.73	4.85
Real Estate	0.44	3.85	13.47
Industrials	-2.00	2.32	15.91
Info Tech	-1.78	-0.19	29.33
Con. Discretion	-4.28	-3.35	24.20

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.48	3.51	3.23
U.S. AA	3.51	3.54	3.26
U.S. A	3.88	3.89	3.74
U.S. Baa	4.37	4.38	4.38
U.S. Municipal	3.64	3.66	3.43
Michigan	3.75	3.78	3.59

Index Characteristics	P/E	P/E NTM	Dividend Yield
S&P 500 - Large Cap	21.93	18.56	1.21
S&P 400 - Mid Cap	15.70	15.95	1.39
S&P 600 - Small Cap	15.46	15.71	1.59