



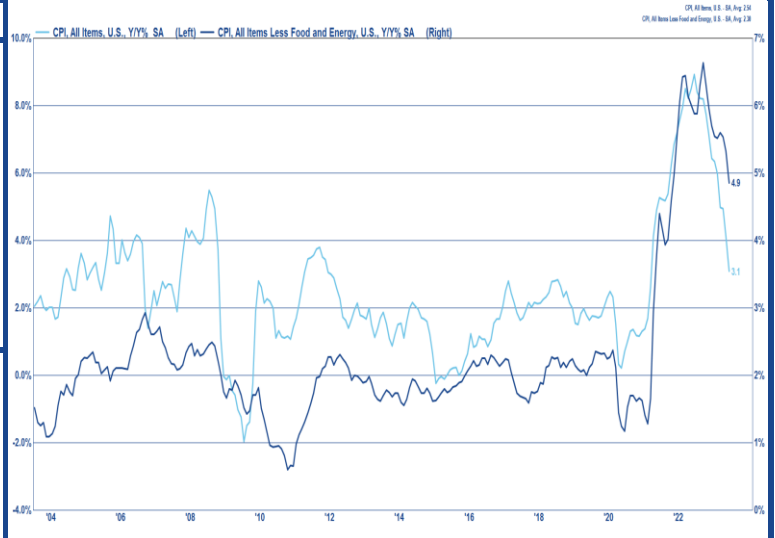
Economic & Market Commentary

Stocks rallied strongly last week while bonds prices rose modestly, driven higher by not only lower than expected inflation numbers but also by a Federal Reserve economic report that showed the U.S. economy continues to weaken, albeit at a slow pace. June inflation numbers came in better than expected as headline inflation for the month rose +0.20% vs. +0.30 and over the past 12 months came in at +3.0% vs. +3.1% expected. At the core level, which excludes food and energy, it rose +0.20% for the month vs +0.30% expected and for the last 12 months +4.8% vs. +5.0% expected. While the CPI report showed broad-based declines of many categories over the month, there were still many core categories showing elevated increases. Moreover, the vast majority of 12-month core categories posted levels north of +4.0%. This is why the Federal Reserve is likely to raise the short-term rate next month. Presently, the CBOE FedWatch Tool is showing a 96.1% probability of a +0.25% rate hike later this month and staying at this rate for the remainder of the year. Since March 2022, the Fed raised rates 10 consecutive times and it is clear these rate hikes are having an effect on the economy. The Fed's most recent Beige Book, which provides regional insights on economic activity, showed the economy continues to cool down. The report cited, "Overall economic activity increased slightly in May. Five Districts reported slight or modest growth, five noted no change, and two reported slight and modest declines. Employment increased modestly this period, with most Districts experiencing some job growth. Many Districts reported that labor availability had improved. Prices increased at a modest pace overall, and several Districts noted some slowing in the pace of the increase." We are now in the "hurry up and wait mode" as both the bond market and the Fed indicate that after the next rate hike later this month, short-term rates will be likely be on hold through year end.

Index Total Returns - July 14, 2023

	1-Wk	YTD	1-Yr
NASDAQ	3.32	35.47	26.57
S&P 500	2.44	18.41	20.91
MSCI-Developed	4.87	14.71	26.16
S&P 400	2.74	11.03	20.38
Russell 2000	3.58	10.55	14.85
MSCI-Emerging	4.95	9.38	9.61
Dow Jones	2.29	5.30	15.12
Barclay's U.S. Bond Index			
High Yield	1.60	6.42	8.81
Municipal	0.48	2.84	1.89
Aggregate	1.51	2.29	-1.03
Int. Gov. Credit	1.13	1.92	0.34
5-year Muni	0.37	1.38	0.65

U.S. Consumer Price Index - CPI



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	5.32	5.42	3.03
U.S. 2-Yr	4.73	4.94	3.12
U.S. 3-Yr	4.35	4.66	3.15
U.S. 5-Yr	4.03	4.34	3.06
U.S. 10-Yr	3.82	4.05	2.96
U.S. 30-Yr	3.93	4.04	3.10

S&P 500 Sector Total Returns - July 14, 2023

Sector	1-Wk	YTD	1-Yr
Info Tech	2.81	44.67	38.69
Communication Services	3.36	40.64	20.81
Consumer Discretionary	3.31	37.03	23.82
Industrials	2.22	11.47	29.31
Materials	2.50	8.22	20.03
Real Estate	2.55	6.46	-0.45
Consumer Staples	1.21	1.41	6.00
Financials	1.98	1.06	13.83
Health Care	2.11	-2.27	5.37
Utilities	2.26	-3.68	-0.93
Energy	0.62	-5.57	25.97

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.22	3.27	2.67
U.S. AA	3.35	3.43	2.82
U.S. A	3.85	3.93	3.30
U.S. Baa	4.48	4.54	3.80
U.S. Municipal	3.51	3.58	2.98
Michigan	3.67	3.75	3.09

Index Characteristics	P/E	P/E NTM	Dividend Yield
S&P 500 - Large Cap	19.48	17.64	1.48
S&P 400 - Mid Cap	14.08	15.49	1.48
S&P 600 - Small Cap	13.98	15.88	1.74