



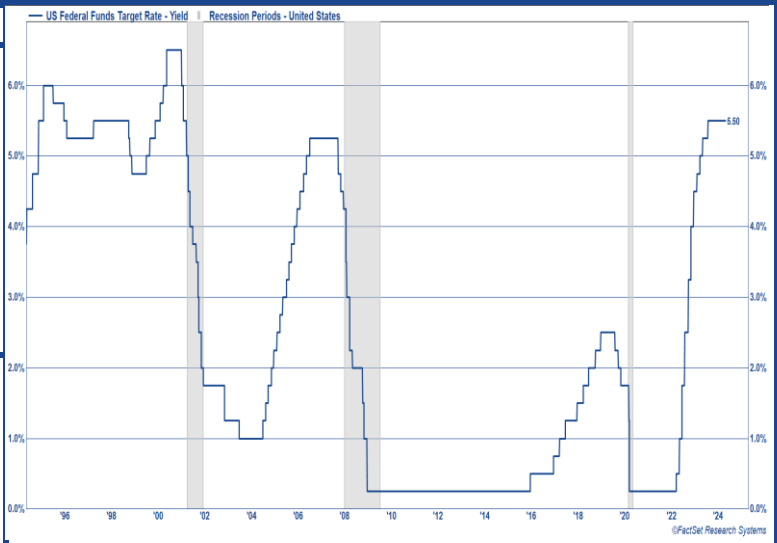
Economic & Market Commentary

For the last couple of weeks Friday could be labeled Salvage Friday as large rallies ensued offsetting early-week declines to post overall positive trading weeks. Of late, bad economic news is good market news occurred again last Friday as monthly job gains as well as the unemployment rate posted worse than expected numbers. April payrolls missed, coming in at 175K, lowest since October, while prior two months revised down net 22,000. The unemployment rate ticked up to 3.9%, while average hourly earnings of 0.2% was cooler than expected and annualized average hourly earnings were the lowest since May 2021. Also, ISM Services survey posted a contractionary reading of 49.9% which missed consensus expectation of 52.0%. Readings below 50 are considered contractionary and above 50 expansionary. Taken together, these two weaker than expected readings sent stocks soaring and accelerated the likelihood of the Fed's next rate cut to this September. Capital markets have been very sensitive to economic readings and its perceived impact on Fed rate cut expectations. Good economic news and higher than expected inflation readings seem to pressure stock prices and bond yields and vice versa as was the case last Friday. The Fed held their May FOMC which ended with no change to the benchmark rate, as expected. Policy statement was mostly unchanged though the Fed noted there had been a lack of further progress toward 2% inflation goal in recent months. Statement also said the Committee still does not believe it is appropriate to reduce rates until greater confidence is gained with inflation's trajectory. Initial takeaways note Fed Chair Powell's press conference was less hawkish than feared. He noted it is unlikely that the next policy move will be a rate hike, and commented he is not seeing evidence of stagflation. Also remarked it is unclear when cuts will begin, though noted an unexpected weakening in labor market could spur rate cuts. Press conference follows weeks of hawkish repricing of Fed rate-cut expectations amid stubborn inflation, still tight labor market, and solid economic growth.

Index Total Returns - May 3, 2024

| | 1-Wk | YTD | 1-Yr |
|----------------------------------|------|-------|-------|
| S&P 500 | 0.56 | 7.99 | 27.32 |
| NASDAQ | 1.44 | 7.85 | 35.42 |
| S&P 400 | 1.19 | 5.80 | 21.49 |
| MSCI-Developed | 1.63 | 4.44 | 10.90 |
| MSCI-Emerging | 2.03 | 4.43 | 12.43 |
| Dow Jones | 1.14 | 3.21 | 18.20 |
| Russell 2000 | 1.71 | 0.85 | 18.87 |
| Barclay's U.S. Bond Index | | | |
| High Yield | 1.06 | 1.47 | 10.36 |
| Int. Gov. Credit | 0.85 | -0.64 | 1.07 |
| 5-year Muni | 0.39 | -0.84 | 1.83 |
| Municipal | 0.68 | -1.02 | 2.59 |
| Aggregate | 1.17 | -2.06 | -0.66 |

Fed Funds Rate



U.S. Treasury Yields

| Treasury Yields | Latest Close | Week Ago | 1-Year Ago |
|-----------------|--------------|----------|------------|
| U.S. 1-Yr | 5.11 | 5.20 | 4.75 |
| U.S. 2-Yr | 4.81 | 5.00 | 3.95 |
| U.S. 3-Yr | 4.64 | 4.84 | 3.65 |
| U.S. 5-Yr | 4.49 | 4.69 | 3.41 |
| U.S. 10-Yr | 4.50 | 4.67 | 3.39 |
| U.S. 30-Yr | 4.66 | 4.78 | 3.72 |

S&P 500 Sector Total Returns - May 3, 2024

| Sector | 1-Wk | YTD | 1-Yr |
|------------------|-------|-------|-------|
| Comm. Services | -0.55 | 16.91 | 48.66 |
| Energy | -3.27 | 11.55 | 20.57 |
| Info Tech | 1.51 | 10.17 | 44.38 |
| Utilities | 3.44 | 9.00 | 4.13 |
| Financials | -0.58 | 8.34 | 29.50 |
| Industrials | 0.11 | 8.16 | 26.09 |
| Consumer Staples | 0.41 | 7.12 | 4.14 |
| Materials | 0.00 | 4.97 | 15.86 |
| Health Care | 0.59 | 3.70 | 7.31 |
| Con. Discretion | 1.60 | 2.73 | 29.26 |
| Real Estate | 1.78 | -7.28 | 4.45 |

Municipal Yields - Bloomberg/Barclays Index

| Issue Type | Latest Close | Week Ago | 1-Year Ago |
|----------------|--------------|----------|------------|
| U.S. AAA | 3.52 | 3.62 | 3.05 |
| U.S. AA | 3.55 | 3.64 | 3.20 |
| U.S. A | 3.93 | 4.02 | 3.75 |
| U.S. Baa | 4.45 | 4.54 | 4.47 |
| U.S. Municipal | 3.68 | 3.77 | 3.37 |
| Michigan | 3.85 | 3.95 | 3.54 |

| Index Characteristics | P/E NTM | P/E NTM 10yr-Avg. | Dividend Yield |
|-----------------------|---------|-------------------|----------------|
| S&P 500 - Large Cap | 20.27 | 18.09 | 1.35 |
| S&P 400 - Mid Cap | 15.32 | 15.50 | 1.45 |
| S&P 600 - Small Cap | 14.16 | 15.25 | 1.82 |