



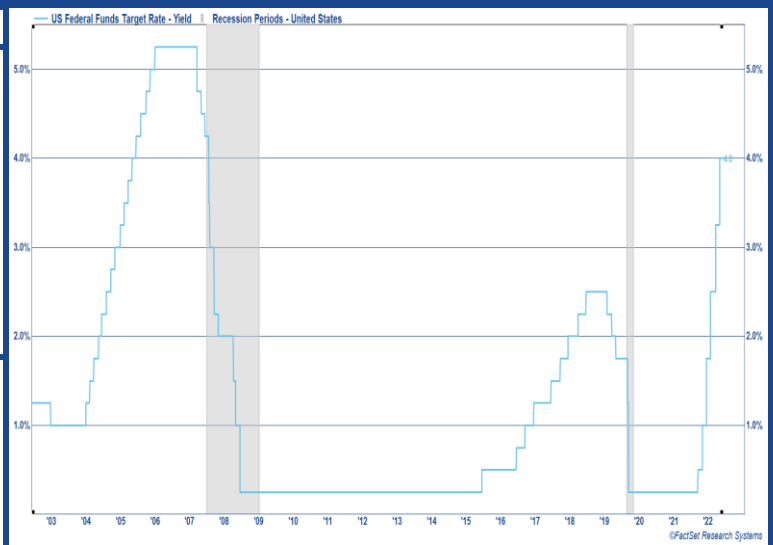
Economic & Market Commentary

Stocks and bonds posted positive total returns again last week driven higher by Fed Chair Powell's Brookings Institute conference speech where he indicated the Fed may begin to scale back the pace of rate increases beginning this month. The Fed's FOMC meeting is next week, and they are forecasted to raise rates +0.50% which is a slower pace than the previous four meetings where they raised rates +0.75% each time. This isn't any new revelation as the Fed indicated last September they would raise rates aggressively into year-end and then slow the pace of rate increases and perhaps even hold off on rate increases to measure the lag effect on the economy over a period of time. The yield curve, which historically has been a reliable harbinger of pending economic activity, has been inverted for some time and indicates a pending slowdown in economic activity and a likely recession. The stock market has had this severe monetary policy itch that it is trying to get rid of and each time it scratches it, it feels a lot better for a while. But the itch is likely coming back, for the market refuses to hear or acknowledge Fed Chair Powell's other comments. He noted that the peak Fed funds rates will need to be somewhat higher than what was projected in September and that tight labor market data needs to soften to a level that is more consistent with 2% inflation. If the Fed is still being data dependent, Friday's November labor market data did not help the "foot off the gas pace". Non-farm payrolls came in higher than expected at 263,000 vs. 200,000, and more importantly monthly average hourly wages rose much higher than expected at +0.6% vs. +0.3% as did the last 12-months +5.1% vs +4.6%. With household inflation at its highest level in 40-years, workers have been and will likely continue to press for higher-than-normal hourly wage increases to keep up with the pace of inflation. That itch isn't going away anytime soon.

Index Total Returns - December 2, 2022

	1-Wk	YTD	1-Yr
Dow Jones	0.41	-3.30	1.51
S&P 400	0.63	-8.08	-4.44
MSCI-Developed	1.05	-12.78	-9.12
S&P 500	1.19	-13.26	-9.60
Russell 2000	1.33	-14.62	-13.01
MSCI-Emerging	3.51	-18.82	-18.94
NASDAQ	2.12	-26.17	-24.87
Barclay's U.S. Bond Index			
5-year Muni	0.83	-5.33	-5.23
Int. Gov. Credit	1.01	-7.49	-7.47
Municipal	1.09	-8.34	-8.22
High Yield	0.94	-9.81	-8.36
Aggregate	1.54	-11.44	-11.62

Fed Funds Rate



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.74	4.79	0.26
U.S. 2-Yr	4.29	4.48	0.61
U.S. 3-Yr	4.01	4.22	0.89
U.S. 5-Yr	3.67	3.87	1.21
U.S. 10-Yr	3.51	3.69	1.45
U.S. 30-Yr	3.56	3.74	1.77

S&P 500 Sector Total Returns - December 2, 2022

Sector	1-Wk	YTD	1-Yr
Energy	-1.89	68.99	70.98
Consumer Staples	1.26	2.30	12.31
Utilities	0.12	1.49	9.70
Health Care	1.96	0.46	9.24
Industrials	1.05	-1.97	1.80
Materials	1.70	-6.05	0.14
Financials	-0.55	-6.63	-5.19
Info Tech	1.32	-22.00	-19.03
Real Estate	0.46	-22.93	-16.14
Consumer Discretionary	2.22	-29.23	-28.93
Communication Services	3.31	-34.55	-32.62

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.12	3.29	0.96
U.S. AA	3.27	3.45	1.01
U.S. A	3.88	4.05	1.26
U.S. Baa	4.45	4.62	1.54
U.S. Municipal	3.47	3.65	1.11
Michigan	3.61	3.77	1.23

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	17.71	17.34	1.55
S&P 400 - Mid Cap	13.53	15.52	1.44
S&P 600 - Small Cap	13.18	16.29	1.47