WEST SHORE BANK

WEEKLY RECAP - May 28, 2024

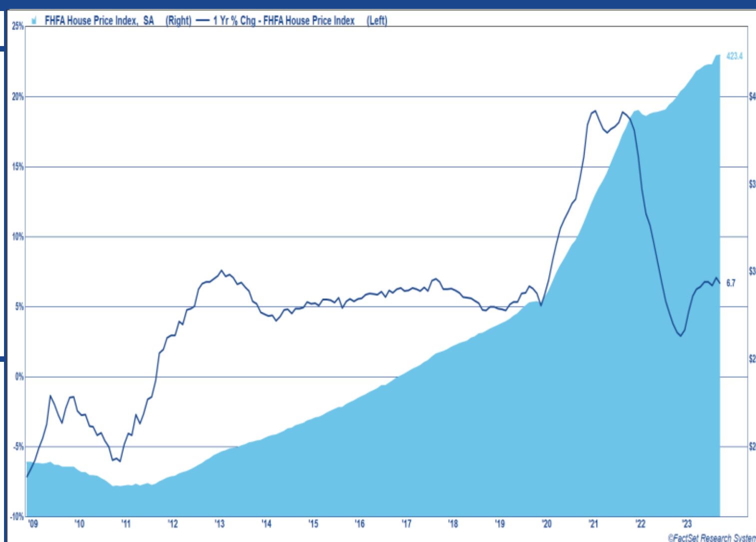
Economic & Market Commentary

Heading into COVID, both the labor and housing markets were already experiencing significant supply and demand imbalances. COVID exacerbated these imbalances to severe levels which the U.S. economy is still dealing with today. Indeed, these markets have been structurally (not cyclically) altered impacting a broad spectrum from institutions to households. Prior to COVID, labor market demand far exceeded supply due to baby boomer retirements, significant increases in participation of government fiscal policies, levels of education and skill sets, advances in technology, and family care issues to name a few. When COVID hit, unemployment briefly peaked at 14.8% in April 2020 and millions of people had an ideological awakening and decided to call it quits career wise. Estimates of the number of people who decided to drop out of the labor market range from five to eight million people. The labor market is still slowly recovering from this structural event and is one of the reasons the Federal Reserve has been reluctant to cut rates as it wishes to see the labor market more broadly weaken. Shifting to the housing market, pre-COVID conditions saw demand far outpacing supply as levels of new home builds and existing housing inventories were well below historical averages. Combining this with the abundant lack of skilled trade workers and low mortgage rates resulted in a continual rise in home prices. COVID transformed the housing market with remote working and ultra-low mortgages. The ability to work remotely skyrocketed housing demand. With already limited supply, housing prices soared. Additionally, in an effort to drive economic growth, the Fed cut the target rate to 0.25% and yields sank to historic lows spurring tens of millions of homeowners to refinance their mortgage loans. Today, housing affordability is exceptionally low as the long-term effects of COVID have fundamentally changed existing home inventory levels and home prices.

Index Total Returns - May 24, 2024

	1-Wk	YTD	1-Yr
NASDAQ	1.42	13.05	36.59
S&P 500	0.05	11.85	30.89
S&P 400	-1.28	7.63	25.07
MSCI-Developed	-0.86	7.12	16.16
MSCI-Emerging	-1.48	6.71	14.57
Dow Jones	-2.30	4.44	21.57
Russell 2000	-1.21	2.64	18.94
Barclay's U.S. Bond Index			
High Yield	-0.21	1.64	11.61
Int. Gov. Credit	-0.21	-0.48	2.78
Municipal	-0.86	-1.47	3.60
5-year Muni	-0.94	-1.60	2.32
Aggregate	-0.28	-1.68	2.05

FHFA Home Price Index



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	5.20	5.12	5.12
U.S. 2-Yr	4.95	4.83	4.34
U.S. 3-Yr	4.72	4.61	4.03
U.S. 5-Yr	4.53	4.44	3.78
U.S. 10-Yr	4.47	4.42	3.71
U.S. 30-Yr	4.57	4.56	3.96

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.70	3.50	3.38
U.S. AA	3.72	3.51	3.53
U.S. A	4.07	3.89	4.04
U.S. Baa	4.53	4.38	4.71
U.S. Municipal	3.84	3.65	3.69
Michigan	3.98	3.80	3.84

S&P 500 Sector Total Returns - May 24, 2024

Sector	1-Wk	YTD	1-Yr
Comm. Services	0.25	21.60	45.54
Info Tech	3.44	19.04	49.74
Utilities	-1.15	13.90	13.13
Financials	-1.96	11.07	33.15
Energy	-3.82	10.14	16.63
Industrials	-0.65	9.66	30.21
Consumer Staples	-1.31	9.06	10.16
Materials	-0.82	7.14	22.47
Health Care	-1.25	6.40	13.83
Con. Discretion	-1.84	1.00	23.27
Real Estate	-3.65	-6.08	9.95

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	20.74	18.12	1.31
S&P 400 - Mid Cap	15.52	15.53	1.44
S&P 600 - Small Cap	14.39	15.32	1.78

Sources: FactSet