



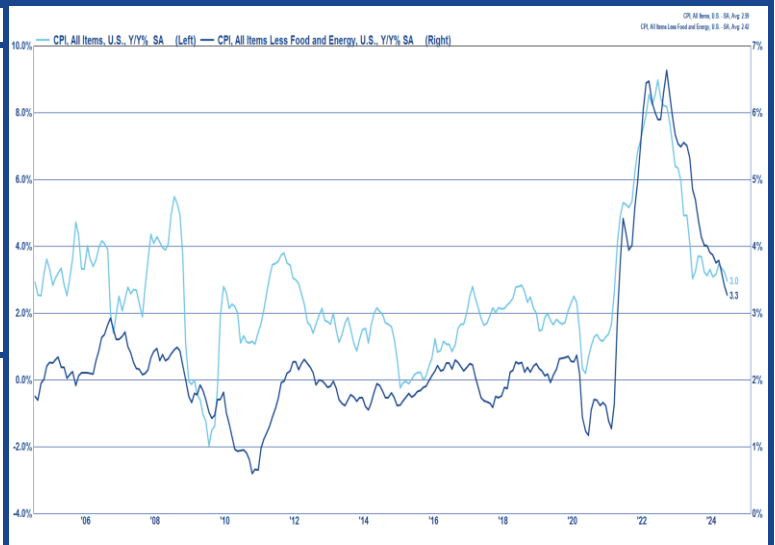
**Economic & Market Commentary**

Stocks moved higher last week with small (+6.0) and mid-caps (+4.3) posting strong gains on a cooler-than-expected June inflation reading. Some pundits highlighted that the rotation out of large-cap Tech names has begun and expect this trend to continue over the coming months supported by Fed rate cuts. Indeed, the chance of a September rate cut rose sharply with the June inflation print and stands at 90% this morning up from 71% one week ago and 62% one month ago. As has been the case, monthly inflation prints strongly influence both stock and bond markets. Getting back to the rotation theme, as shown below in the S&P 500 Sector Total Return table, the Tech sector has dominated the market YTD and over the past year. The Tech sector also dominates the S&P 500 index with a market-cap weighting of 32.9%. The next closest sector is Financials at 12.4%. Once again, a handful of mega-cap stocks represent a large portion of the S&P 500's gain so far this year. The stocks this time around have been labeled the Magnificent 7 and include Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, and Tesla. There has been much scrutiny of the overconcentration and influence these names have on the market. These seven stocks alone represent roughly 30% of the S&P 500 index and analysts are concerned about the risks of such concentration. Stock concentrations in the S&P 500 have been around for ten years. Prior to the current Magnificent 7, back in August 2020, six mega-cap tech stocks (FAANG and Microsoft) made up 25% of the S&P 500. The acronym FAANG was branded somewhere around 2014. FAANG stood for Facebook (Meta), Amazon, Apple, Netflix, and Google (Alphabet). Most of these names still apply to being overconcentrated in the S&P 500 but now you can add Tesla and NVIDIA to the mix as well. It's not rocket science as to why the Tech sector and Tech names have dominated for this is where growth has and will continue to resonate. The stock market has already experienced three significant market declines with large mega-cap concentrations. The first in fourth-quarter 2018, the second during the COVID-driven bear market in March 2020, and the latest in calendar year 2022. Each of these declines were followed by strong recoveries. The key to controlling risk is a well-diversified and prudent asset allocation. And remember, it's a marathon, not a race.

**Index Total Returns - July 12, 2024**

	1-Wk	YTD	1-Yr
NASDAQ	0.25	23.04	34.49
S&P 500	0.89	18.61	28.14
MSCI-Emerging	1.82	11.55	16.80
MSCI-Developed	2.29	10.08	16.55
S&P 400	4.33	9.49	17.13
Dow Jones	1.61	7.22	18.71
Russell 2000	6.01	6.76	15.50
<b>Barclay's U.S. Bond Index</b>			
High Yield	0.80	3.69	11.63
Int. Gov. Credit	0.57	1.61	5.36
Aggregate	0.82	0.82	4.21
Municipal	0.53	0.18	3.82
5-year Muni	0.56	-0.18	2.89

**Consumer Price Index (CPI)**



**U.S. Treasury Yields**

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.86	5.00	5.34
U.S. 2-Yr	4.45	4.60	4.74
U.S. 3-Yr	4.22	4.39	4.38
U.S. 5-Yr	4.10	4.23	4.06
U.S. 10-Yr	4.18	4.28	3.85
U.S. 30-Yr	4.39	4.48	3.94

**S&P 500 Sector Total Returns - July 12, 2024**

Sector	1-Wk	YTD	1-Yr
Info Tech	0.53	33.89	48.02
Comm. Services	-3.45	27.13	45.38
Utilities	3.93	14.38	12.69
Financials	2.01	13.50	27.96
Consumer Staples	0.10	10.22	9.39
Con. Discretion	0.38	10.05	17.78
Energy	0.45	10.02	14.90
Industrials	2.39	9.73	17.65
Health Care	2.65	9.63	13.56
Materials	2.97	6.69	11.45
Real Estate	4.38	1.57	9.96

**Municipal Yields - Bloomberg/Barclays Index**

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.48	3.57	3.26
U.S. AA	3.49	3.59	3.40
U.S. A	3.86	3.96	3.90
U.S. Baa	4.31	4.39	4.52
U.S. Municipal	3.62	3.72	3.55
Michigan	3.73	3.83	3.70

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	21.62	18.19	1.23
S&P 400 - Mid Cap	15.62	15.92	1.39
S&P 600 - Small Cap	14.70	15.33	1.72