



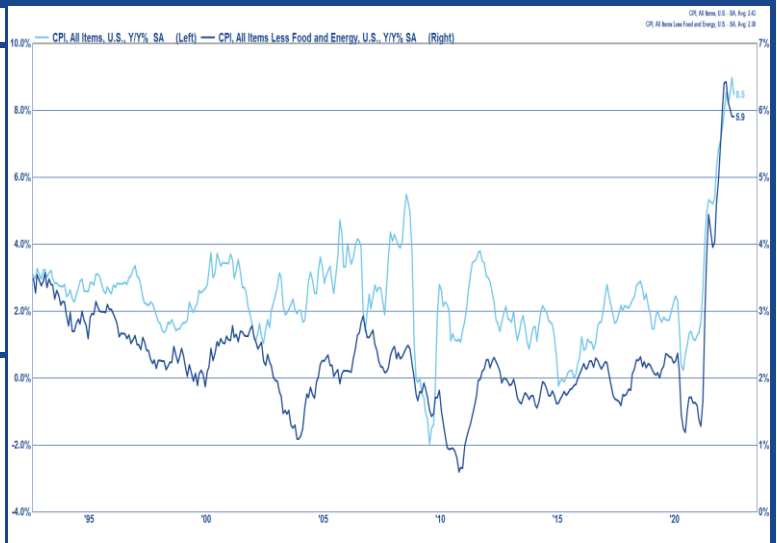
Economic & Market Commentary

Stock markets rallied for the fourth straight week driven sharply higher by softer July inflation numbers. Headline CPI (Consumer Price Index) was flat in July and up +8.5% over the last twelve months. Gas and energy prices were the main driver for the July inflation data falling -7.7% and -4.6% for the month, respectively. These decreases were offset by increases in food and shelter as food rose +1.1% in the month while home shelter costs advanced +1.3%. The Fed did not give near-term guidance at its last FOMC press conference and said the decision on what level to raise rates in September would be data dependent. July's stronger-than-expected labor market data was offset with last week's better-than-expected inflation data. The softer July CPI and PPI (wholesale prices) inflation numbers increased the probability of a 50-basis point rate hike in September from 32% to 54% and lowered the probability of a 75-basis point hike from 68% to 46%. With the strong rally in stock markets over the past month, skepticism is rising that the rally is based mainly on momentum and not strong underlying fundamentals. Those in "the worst is over" camp point to easing inflation, still strong labor market, persistent strong demand, improved technicals, and below average valuations. Those in "the worst is not over" camp point to 40-year highs in inflation, the Fed is still in raising rates mode, market valuations have not capitulated enough, earnings growth is slowing, and the yield curve remains inverted. We lean toward the bear market rally camp as the Fed is raising rates to bring back into balance its dual mandate of price stability and maximizing full employment. These mandates are presently at the opposite ends of the scale and the Fed has indicated they are determined to lower inflation at the expense of employment and the economy. This does not bode well for demand and earnings.

Index Total Returns - August 12, 2022

	1-Wk	YTD	1-Yr
Dow Jones	2.99	-5.98	-3.02
S&P 400	4.46	-7.12	-3.06
S&P 500	3.31	-9.34	-2.61
Russell 2000	4.97	-9.48	-9.03
MSCI-Developed	2.16	-14.29	-14.66
MSCI-Emerging	1.65	-15.67	-18.88
NASDAQ	3.10	-16.21	-11.31
Barclay's U.S. Bond Index			
5-year Muni	0.00	-3.87	-4.27
Int. Gov. Credit	0.21	-5.92	-6.73
Municipal	-0.08	-6.76	-6.81
High Yield	0.94	-7.67	-6.17
Aggregate	0.24	-8.89	-9.23

Consumer Price Index - CPI



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	3.13	3.15	0.08
U.S. 2-Yr	3.25	3.23	0.22
U.S. 3-Yr	3.18	3.19	0.47
U.S. 5-Yr	2.97	2.97	0.83
U.S. 10-Yr	2.85	2.84	1.37
U.S. 30-Yr	3.12	3.07	2.01

S&P 500 Sector Total Returns - August 12, 2022

Sector	1-Wk	YTD	1-Yr
Energy	7.45	44.87	65.60
Utilities	3.33	8.86	15.92
Consumer Staples	1.25	-1.14	8.08
Health Care	1.66	-4.39	2.15
Industrials	3.84	-4.84	-3.71
Financials	5.49	-8.09	-6.74
Materials	5.21	-9.49	-4.08
Real Estate	4.10	-10.83	0.97
Info Tech	2.47	-13.26	-1.76
Consumer Discretionary	3.28	-16.52	-6.95
Communication Services	4.48	-23.45	-25.84

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	2.57	2.54	0.81
U.S. AA	2.71	2.68	0.85
U.S. A	3.19	3.16	1.06
U.S. Baa	3.65	3.62	1.35
U.S. Municipal	2.87	2.84	0.94
Michigan	2.94	2.90	1.03

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	18.26	17.22	1.42
S&P 400 - Mid Cap	13.14	15.72	1.31
S&P 600 - Small Cap	12.75	16.41	1.29