



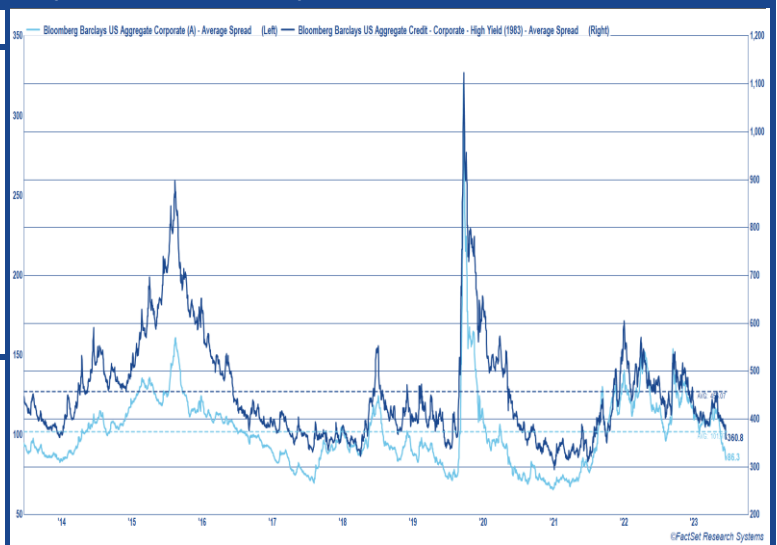
Economic & Market Commentary

Stock markets rose again last week with the major averages (S&P 500, DOW & Nasdaq) gaining for the seventh consecutive week. The Federal Reserve was the primary driver of gains last week. The Fed concluded their FOMC with the normal policy statement, which is highly scrutinized for word or phrase changes, and the quarterly economic projections (also closely scrutinized). These releases are followed by Chair Powell's press conference. In short, it was the pivot trifecta as the policy statement, projections, and press conference all pointed to a dovish pivot in monetary policy. Meaning, rate hikes are most likely done, and rate cuts are next. The policy statement held to a rather weak rate hike bias. Compared to projections released in September, December projections surprised to the dovish side showing no more rate hikes this year (September had one additional hike) and two more additional rate cuts in 2024 (from two to four). As the press conference unfolded, it became increasingly clear the Fed was at a policy pivot and that the word "any" probably hasn't seen this much scrutiny in quite a while. Chair Powell's opening statement at the press conference cited, "We will make decisions about the extent of **any** additional policy firming and how long policy will remain restrictive based on the totality of the incoming data, the evolving outlook, and the balance of risks." When asked how the word "any" should be interpreted Chair Powell stated, "So any additional policy firming, that sentence. So we added the word "any" as an acknowledgement that we believe that we are likely at or near the peak rate for this cycle. Participants didn't write down additional hikes that we believe are likely, so that's what we wrote down." Another interesting note is that the Fed indicated they are mindful of the risks of hanging on too long with high rates and are focused on not making that mistake. The press conference really set the stage for believing the pivot has begun and both the stock and bond markets reacted accordingly.

Index Total Returns - December 15, 2023

	1-Wk	YTD	1-Yr
NASDAQ	2.86	42.70	38.21
S&P 500	2.53	24.89	23.16
MSCI-Developed	2.56	15.90	14.91
Dow Jones	2.93	15.00	14.81
S&P 400	4.38	14.83	14.42
Russell 2000	5.60	14.42	13.66
MSCI-Emerging	2.69	7.23	6.97
Barclay's U.S. Bond Index			
High Yield	1.92	12.24	10.23
Municipal	1.15	5.93	5.09
Aggregate	2.16	4.88	2.41
Int. Gov. Credit	1.37	4.64	3.54
5-year Muni	0.73	4.01	3.63

Corporate Bond Credit Spreads



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.94	5.11	4.68
U.S. 2-Yr	4.43	4.73	4.25
U.S. 3-Yr	4.13	4.46	3.95
U.S. 5-Yr	3.91	4.24	3.63
U.S. 10-Yr	3.91	4.23	3.45
U.S. 30-Yr	4.01	4.31	3.49

S&P 500 Sector Total Returns - December 15, 2023

Sector	1-Wk	YTD	1-Yr
Info Tech	2.53	57.29	51.93
Communication Services	-0.10	50.26	49.39
Consumer Discretionary	3.48	42.29	35.13
Industrials	3.64	16.51	16.71
Materials	4.03	11.34	9.60
Real Estate	5.43	10.97	7.41
Financials	3.60	10.97	12.55
Health Care	1.56	-0.02	-0.79
Consumer Staples	1.58	-1.36	-1.57
Energy	2.51	-1.60	2.02
Utilities	0.94	-7.01	-7.76

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.03	3.22	3.06
U.S. AA	3.09	3.28	3.21
U.S. A	3.63	3.82	3.78
U.S. Baa	4.26	4.44	4.38
U.S. Municipal	3.27	3.46	3.40
Michigan	3.42	3.62	3.55

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	19.43	17.85	1.44
S&P 400 - Mid Cap	14.34	15.54	1.51
S&P 600 - Small Cap	13.97	15.16	1.76