



**Economic & Market Commentary**

Standing in line at the grocery store Saturday I saw a pack of Bubblicious gum and thought they could be the sponsor of current stock market mania. It started last spring with Hertz when the company filed for bankruptcy and then stock price went through the roof rising some 900%. These "investors" must not realize that when Hertz emerges out of bankruptcy, they will likely receive no value for their shares as they are last in the line of creditors. Other examples include IPOs of companies with no earnings visibility going to the moon on the first day trading; short squeezes of flailing retail companies like GameStop and others; the rise and media prominence of retail traders; very stretched market valuations and elevated volatility, and the list goes on. This market has some remnants of the tech bubble of the late 1990s. Just like a Bubblicious bubble, this stock market will pop at some point too, which is a normal part of a stock market cycle. Fun fact, one of my nicknames is P-licious. It was also a busy week on the economic front last week. Consumer confidence remains subdued as both The Conference Board Consumer Confidence Survey and the U-of-M Consumer Sentiment Survey underwhelmed with readings well below their historical averages. The first reading of 4Q20 U.S. GDP came in near expected at an annualized pace of 4.0% as business spending and exports greatly outpaced consumer spending. For full-year 2020, the U.S. economy shrank -3.5%. The consensus forecast for the U.S. economy in 2021 calls for growth of 4.1%. The housing market continues to shine as the FHFA House Price Index for November 2020 showed housing prices rose 11.0% over the past twelve months. The Federal Reserve kept short-term rates unchanged and during Chairman Powell's press conference he indicated the Fed will be on hold for a while with short-term rates, the likelihood of any tapering off of asset purchases this year is premature, and any changes will be well communicated in advance.

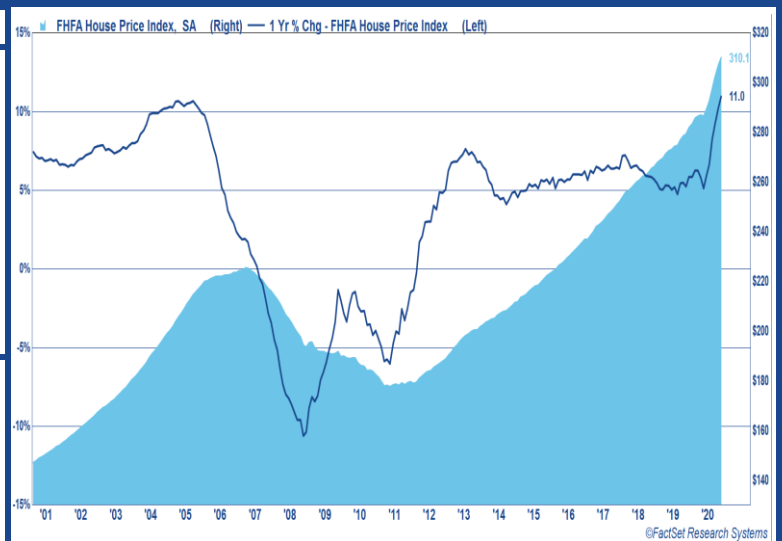
**Total Returns - January 29, 2021**

	1-Wk	YTD	1-Yr
Russell 2000	-4.38	5.03	30.17
MSCI-Emerging	-4.47	3.07	23.80
S&P 400	-4.96	1.50	18.46
NASDAQ	-3.48	1.44	44.09
S&P 500	-3.29	-1.01	17.25
MSCI-Developed	-3.45	-1.07	7.78
Dow Jones	-3.27	-1.95	8.54

**Barclay's U.S. Bond Index**

Municipal	0.39	0.64	4.01
High Yield	-0.15	0.33	7.44
5-year Muni	0.18	0.33	3.38
Int. Gov. Credit	0.03	-0.28	4.65
Aggregate	0.03	-0.72	4.72

**Home Price Index**



**U.S. Treasury Yields**

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	0.09	0.10	1.51
U.S. 2-Yr	0.12	0.12	1.42
U.S. 3-Yr	0.19	0.18	1.39
U.S. 5-Yr	0.44	0.44	1.41
U.S. 10-Yr	1.09	1.09	1.59
U.S. 30-Yr	1.85	1.86	2.05

**S&P 500 - Sector Total Returns - January 29, 2021**

Sector	1-Wk	YTD	1-Yr
Energy	-6.51	3.79	-22.60
Health Care	-2.14	1.42	18.27
Real Estate	-0.13	0.53	-3.03
Consumer Discretionary	-4.42	0.41	33.00
Utilities	-1.10	-0.92	-6.65
Info Tech	-2.98	-0.92	37.13
Communication Services	-3.35	-1.29	20.90
Financials	-4.52	-1.67	-0.77
Materials	-5.03	-2.38	25.61
Industrials	-4.19	-4.30	6.77
Consumer Staples	-1.55	-5.17	4.65

**Municipal Yields - Bloomberg/Barclays Index**

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	0.71	0.77	1.29
U.S. AA	0.79	0.86	1.35
U.S. A	1.16	1.25	1.65
U.S. Baa	1.73	1.84	2.14
U.S. Municipal	0.95	1.03	1.48
Michigan	1.03	1.11	1.60

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	21.57	15.93	1.52
S&P 400 - Mid Cap	18.86	15.78	1.39
S&P 600 - Small Cap	19.44	15.70	1.41