



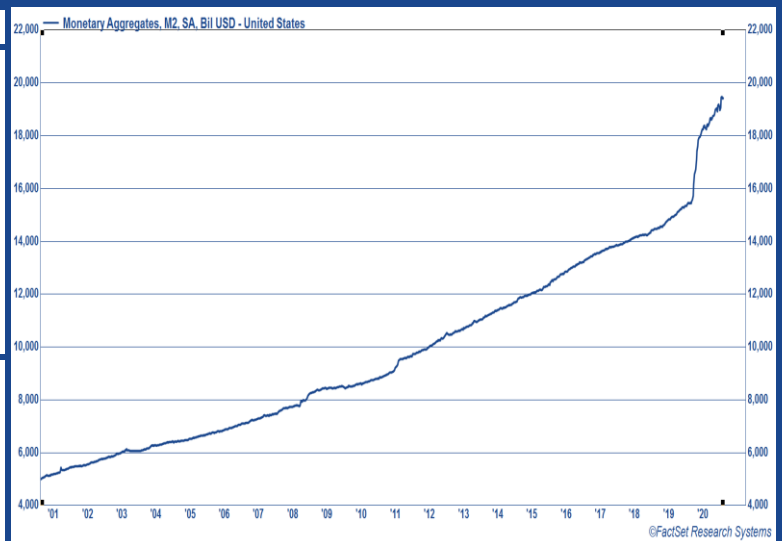
Economic & Market Commentary

Inflation hawks are pounding the table again that inflation is on the rise. Is it yet again another false positive signal? Inflation has been held in check for the past two decades averaging close to 2.0%. Technological advances have helped to keep inflation low as companies are able to produce goods and services much more efficiently and cost effectively. This was first evident in the late 90s during the tech boom when economic growth was strong, the unemployment rate was low, and wages were expected to be on the rise. Economists expected wages and inflation to soar, but it never materialized as companies were embracing new technologies to increase productivity and it hasn't stopped since then. The next inflation alarm came along during the Great Recession as the Federal Reserve implemented three Quantitative Easing programs and inflation hawks forecasted that with so much money being printed, inflation would move much higher. Again, it never materialized. What has inflation hawks concerned now is the fact Federal Reserve policy will now allow inflation to run higher than their target rate of 2% and that there are signs of increasing inflation. Over the past eight months, inflation has been running at an annualized rate of 3.6%. The onset of Covid-19 has brought raw material, supply chain, and production disruptions resulting in diminished supply while overall demand remains relatively solid resulting in a sharp increase in raw material and input costs. Energy costs in the U.S. will be rising as domestic oil and gas production is under regulatory pressure. The most recent U.S. quarterly productivity report showed wages rising at a 6.8% annualized rate. Finally, the Federal Reserve has and continues to greatly expand the money supply to fund Congressional economic relief packages, which are now the new driver of U.S. economic growth and stock market appreciation. The bond market has taken notice of the trend in inflation as the yield in the 10-year treasury has risen to 1.21%, the highest level since March 18, 2020.

Total Returns - February 12, 2021

	1-Wk	YTD	1-Yr
Russell 2000	2.54	16.01	37.33
MSCI-Emerging	2.41	10.78	31.59
S&P 400	2.78	10.45	23.68
NASDAQ	1.74	9.44	46.18
S&P 500	1.28	4.94	18.56
MSCI-Developed	2.09	3.78	11.57
Dow Jones	1.11	3.00	8.94
Barclay's U.S. Bond Index			
High Yield	0.30	1.34	7.42
Municipal	0.28	1.01	4.48
5-year Muni	0.13	0.51	3.65
Int. Gov. Credit	-0.02	-0.40	4.83
Aggregate	-0.13	-1.23	4.44

U.S. Money Supply - M2



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	0.06	0.07	1.49
U.S. 2-Yr	0.10	0.09	1.44
U.S. 3-Yr	0.19	0.18	1.41
U.S. 5-Yr	0.48	0.46	1.45
U.S. 10-Yr	1.20	1.17	1.63
U.S. 30-Yr	2.00	1.97	2.09

S&P 500 - Sector Total Returns - February 12, 2021

Sector	1-Wk	YTD	1-Yr
Energy	4.92	17.92	-14.50
Communication Services	1.33	7.28	25.77
Financials	2.04	6.98	3.92
Info Tech	2.32	6.38	37.95
Consumer Discretionary	-1.25	5.09	31.87
Real Estate	1.14	4.89	-3.56
Health Care	1.40	3.36	14.52
Materials	1.10	2.51	25.24
Industrials	1.49	1.88	8.24
Utilities	-1.54	-0.19	-6.16
Consumer Staples	-0.07	-2.82	5.32

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	0.68	0.72	1.32
U.S. AA	0.75	0.79	1.38
U.S. A	1.08	1.14	1.67
U.S. Baa	1.61	1.70	2.10
U.S. Municipal	0.90	0.95	1.51
Michigan	0.96	1.01	1.61

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	22.52	15.97	1.43
S&P 400 - Mid Cap	20.05	15.79	1.28
S&P 600 - Small Cap	20.23	15.71	1.30