



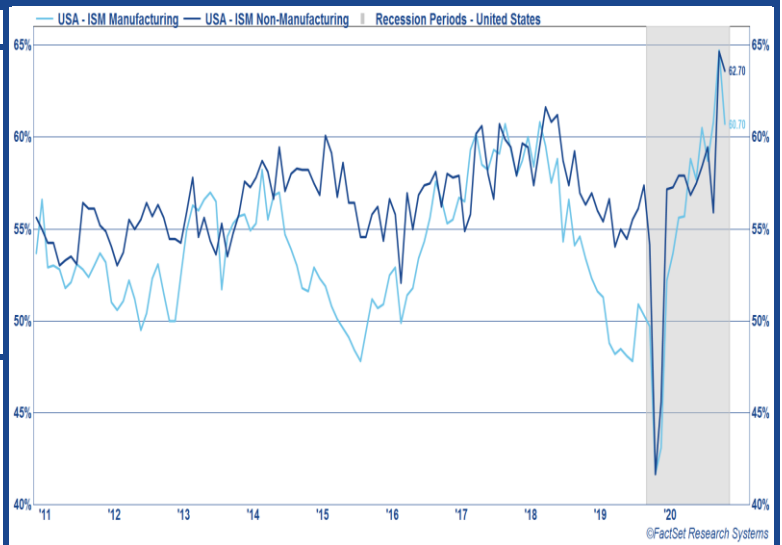
Economic & Market Commentary

And just like that the reflation trade was back last week as Info Tech stocks finished lower for the week whereas cyclicals outperformed. Looking at the 1-week S&P 500 Sector total returns below, Energy, Financials, Industrials, and Materials all posted strong gains while Big Tech sectors languished including Consumer Discretionary, Information Technology, and Communication Services. Even in the face of weaker than forecasted economic numbers and a warning by the Federal Reserve of stretched valuations and a potential sharp correction (which is really rich given their very accommodative monetary policies), most stock indexes finished higher. The Institute for Supply Management (ISM) reported April manufacturing and service activity and although both posted solid expansionary readings, they also missed consensus estimates. ISM Manufacturing posted a reading of 60.7 versus the estimate of 65.1. ISM Service posted a level of 62.7 versus the forecast of 64.3. Survey respondents show the per usual issues remain, lack of workers, lack of materials, rising input costs, logistic problems, and a supply/demand imbalance. The biggest disappointment came Friday with the April monthly job numbers. With an economy experiencing a strong recovery and weekly initial jobless claims trending significantly lower over the past month, the consensus expectation was for a solid monthly job gains number of +975,000. Instead, April posted meager job gains of +266,000 and the unemployment rate rose to 6.1% from 6.0%. If it weren't for the Leisure and Hospital segment gaining +331,000, April would have posted a jobs decline as most labor segments contracted. With so many businesses and industries desperate to find workers, how could the job numbers have been so weak? Many argue Federal pandemic assistance payments incentivize workers to stay home. Others point to closed schools forcing parent(s) to stay home. Fear of contracting Covid-19 is another major deterrent. Finally, some argue the supply chain bottlenecks are stalling hiring plans. All are valid reasons for April's weak job numbers and it is only one month. If May job numbers are weak as well, then something is amiss.

Index Total Returns - May 7, 2021

| | 1-Wk | YTD | 1-Yr |
|----------------------------------|-------|-------|-------|
| S&P 400 | 1.68 | 20.57 | 73.45 |
| Russell 2000 | 0.25 | 15.35 | 79.10 |
| Dow Jones | 2.72 | 14.33 | 48.73 |
| S&P 500 | 1.26 | 13.25 | 49.35 |
| NASDAQ | -1.48 | 6.94 | 54.36 |
| MSCI-Developed | 2.59 | 9.36 | 46.88 |
| MSCI-Emerging | 0.09 | 4.93 | 53.49 |
| Barclay's U.S. Bond Index | | | |
| High Yield | 0.29 | 2.24 | 19.47 |
| Municipal | 0.19 | 0.68 | 6.98 |
| 5-year Muni | 0.03 | 0.17 | 5.07 |
| Int. Gov. Credit | 0.28 | -1.10 | 1.25 |
| Aggregate | 0.28 | -2.34 | 0.17 |

ISM Manufacturing & Service Activity



U.S. Treasury Yields

| Treasury Yields | Latest Close | Week Ago | 1-Year Ago |
|-----------------|--------------|----------|------------|
| U.S. 1-Yr | 0.05 | 0.05 | 0.16 |
| U.S. 2-Yr | 0.14 | 0.16 | 0.11 |
| U.S. 3-Yr | 0.28 | 0.34 | 0.16 |
| U.S. 5-Yr | 0.77 | 0.85 | 0.28 |
| U.S. 10-Yr | 1.56 | 1.63 | 0.63 |
| U.S. 30-Yr | 2.28 | 2.30 | 1.32 |

Municipal Yields - Bloomberg/Barclays Index

| Issue Type | Latest Close | Week Ago | 1-Year Ago |
|----------------|--------------|----------|------------|
| U.S. AAA | 0.82 | 0.84 | 1.43 |
| U.S. AA | 0.91 | 0.93 | 1.73 |
| U.S. A | 1.16 | 1.19 | 2.61 |
| U.S. Baa | 1.63 | 1.66 | 4.13 |
| U.S. Municipal | 1.02 | 1.04 | 2.08 |
| Michigan | 1.07 | 1.11 | 2.16 |

S&P 500 Sector Total Returns - May 7, 2021

| Sector | 1-Wk | YTD | 1-Yr |
|------------------------------|-------|-----------|----------|
| Energy | 8.89 | 43.33 | 51.47 |
| Financials | 4.22 | 28.83 | 77.31 |
| Real Estate | -0.85 | 17.05 | 34.31 |
| Communication Services | 0.11 | 16.70 | 51.83 |
| Industrials | 3.38 | 19.31 | 74.14 |
| Materials | 5.87 | 21.66 | 74.56 |
| Consumer Discretionary | -1.17 | 9.14 | 52.59 |
| Info Tech | -0.43 | 6.88 | 50.19 |
| Health Care | 2.29 | 9.72 | 27.64 |
| Utilities | -1.03 | 6.10 | 24.07 |
| Consumer Staples | 1.62 | 5.06 | 27.96 |
| Index Characteristics | | | |
| | P/E | P/E NTM | Dividend |
| | NTM | 10yr-Avg. | Yield |
| S&P 500 - Large Cap | 21.97 | 16.20 | 1.33 |
| S&P 400 - Mid Cap | 19.12 | 15.79 | 1.09 |
| S&P 600 - Small Cap | 18.74 | 15.66 | 1.08 |