



Economic & Market Commentary

Stocks were under pressure last week from continued signs of rising inflation, weaker than expected retail sales, and the change in directional tone from the Federal Reserve Open Market Committee (FOMC) meeting. Compared to a year-ago, the Bureau of Labor Statistics reported producer prices in May set an all-time report high rising +6.6%. Excluding food and energy, the y/y increase was +5.3%. Inflation numbers at the consumer and producer level have been coming in higher than expected the past few months and is one reason the Federal Reserve indicated the proverbial shot arrow across the bow or flare into the air from their FOMC meeting. The shift in tone moved undeniably hawkish as the Summary of Economic Projection's "dot plot" showed more policymakers in favor of raising short-term rates once in 2022 and twice 2023. Moreover, due to the current supply and demand imbalance, their 2021 inflation projection was revised significantly higher to 3.4% from 2.4%, a 42% increase. Inflation projections for 2022 and 2023 were little changed as the Federal Reserve contends inflation will be transitory. The Federal Reserve expects the labor market to strengthen over the next year which will expand production, reduce the supply bottlenecks, and lower inflation rates. Given weekly initial jobless claims have fallen dramatically over the past few months and monthly job gains have been muted, it makes sense for the labor market to strengthen over the coming months. Much of these expected gains will be dependent on if the Federal pandemic assistance payments expire in September and Covid-19 rates remain low. One sign transitory inflation has already taken shape is lumber prices have fallen some 35% from its recent peak. Although the cause of this price reduction is from the demand side than the supply side.

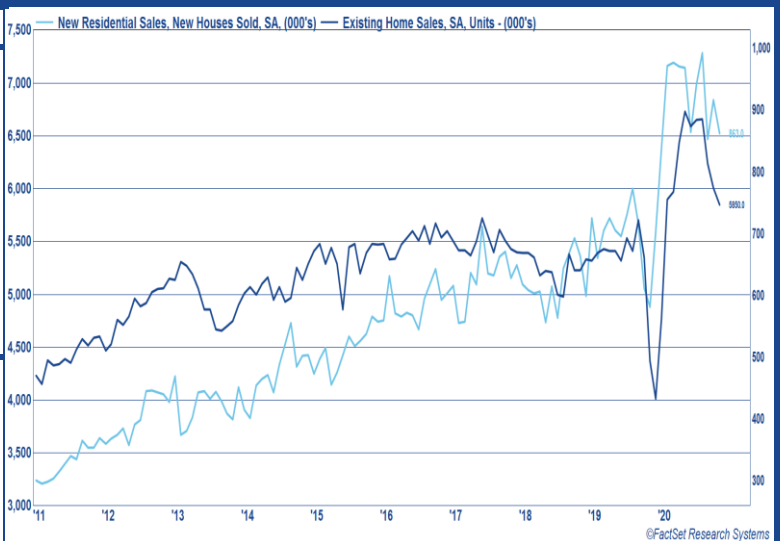
Index Total Returns - June 18, 2021

	1-Wk	YTD	1-Yr
S&P 400	-5.06	13.87	47.68
Russell 2000	-4.17	13.78	58.51
S&P 500	-1.87	11.71	35.87
Dow Jones	-3.40	9.79	30.25
MSCI-Developed	-2.40	8.92	31.07
NASDAQ	-0.26	9.21	42.14
MSCI-Emerging	-1.45	6.25	39.55

Barclay's U.S. Bond Index

	1-Wk	YTD	1-Yr
High Yield	-0.07	2.96	12.85
Municipal	-0.35	1.10	4.44
5-year Muni	-0.32	0.12	2.33
Int. Gov. Credit	-0.29	-0.98	0.28
Aggregate	0.11	-1.60	-0.11

U.S. Home Sales



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	0.10	0.05	0.19
U.S. 2-Yr	0.26	0.15	0.19
U.S. 3-Yr	0.48	0.32	0.22
U.S. 5-Yr	0.88	0.75	0.32
U.S. 10-Yr	1.45	1.46	0.70
U.S. 30-Yr	2.03	2.15	1.46

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	0.85	0.76	1.02
U.S. AA	0.90	0.81	1.25
U.S. A	1.12	1.05	1.95
U.S. Baa	1.51	1.44	3.26
U.S. Municipal	1.00	0.92	1.54
Michigan	1.07	1.01	1.56

S&P 500 Sector Total Returns - June 18, 2021

Sector	1-Wk	YTD	1-Yr
Energy	-5.21	40.10	37.05
Financials	-6.17	20.17	49.35
Real Estate	-2.43	22.57	28.94
Materials	-6.28	11.86	45.95
Communication Services	-1.09	16.82	41.55
Industrials	-3.75	12.85	44.60
Health Care	-0.68	9.40	26.06
Info Tech	0.10	9.24	39.24
Consumer Discretionary	-0.06	6.87	33.74
Utilities	-3.12	2.96	12.09
Consumer Staples	-2.77	2.66	18.97

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	20.61	16.31	1.35
S&P 400 - Mid Cap	17.37	15.91	1.13
S&P 600 - Small Cap	17.28	15.63	1.05