



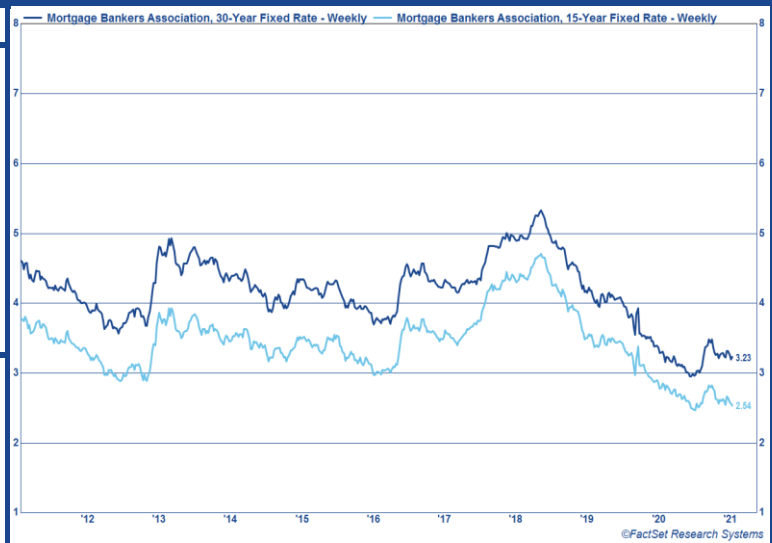
Economic & Market Commentary

U.S. stocks finished sharply higher last week buoyed by strong earnings growth while international stocks lagged. The week started out very tumultuously with stocks selling off sharply as the rapid increase in Delta Covid variant cases raised concerns of new restrictions and mandates putting at risk the global economic recovery. These fears quickly faded as analysts highlighted vaccination rates and how their protections limit serious illness and hospitalizations and stock indices rallied for the rest of the week reaching new all-time highs. However, changes are likely in the future as countries across the globe are considering new restrictions, mask mandates, and vaccine identification policies. Several European nations including Britain, France, Italy, and Germany have implemented or are considering mandatory vaccine passport requirements to enter certain public venues or to gain access to specific services, thus restricting or limiting the accessibility of the unvaccinated. This week marks the peak second-quarter earnings release week for S&P 500 companies. With 24% of companies having already reported, the earnings growth rate stands 74.2%, which is highest year-over-year growth rate since fourth-quarter 2009. Revenue growth is strong as well growing at a rate of 20.9% year-over-year. With inflation on the rise, there are concerns it may negatively impact margins. So far this quarter, the net margin rate is 12.4%, down slightly from last quarter (12.8%) but well above the five-year average of 10.6%. The consensus forecast for 2021 and 2022 S&P 500 earnings growth is 38.9% and 10.3%, respectively. As shown below, the S&P 500 12-month forward valuation stands at 21.6x, which is well above the 10-year average of 16.2x. S&P mid-cap and small-cap valuations are near fair-value.

Index Total Returns - July 23, 2021

	1-Wk	YTD	1-Yr
S&P 500	1.97	18.41	38.47
Dow Jones	1.12	15.72	34.16
S&P 400	2.14	16.62	45.26
NASDAQ	2.84	15.53	42.85
Russell 2000	2.15	12.44	49.85
MSCI-Developed	0.20	8.98	25.71
MSCI-Emerging	-2.09	2.79	23.92
Barclay's U.S. Bond Index			
High Yield	0.07	3.95	11.55
Municipal	0.09	1.86	3.63
5-year Muni	0.14	0.70	1.89
Int. Gov. Credit	0.18	-0.31	0.25
Aggregate	0.19	-0.75	-0.69

Average Mortgage Rates



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	0.07	0.08	0.16
U.S. 2-Yr	0.19	0.23	0.14
U.S. 3-Yr	0.38	0.42	0.16
U.S. 5-Yr	0.72	0.78	0.26
U.S. 10-Yr	1.28	1.30	0.58
U.S. 30-Yr	1.92	1.93	1.25

S&P 500 Sector Total Returns - July 23, 2021

Sector	1-Wk	YTD	1-Yr
Energy	-0.33	31.39	35.42
Real Estate	0.10	28.66	37.22
Financials	0.33	24.16	52.13
Communication Services	3.24	25.15	47.73
Industrials	1.64	17.72	45.39
Info Tech	2.78	19.02	46.35
Health Care	2.19	16.75	25.77
Materials	0.80	13.65	34.80
Consumer Discretionary	2.87	13.74	32.85
Utilities	-0.87	6.41	11.95
Consumer Staples	0.56	7.44	18.78

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	0.75	0.76	0.83
U.S. AA	0.79	0.81	1.01
U.S. A	0.99	1.01	1.65
U.S. Baa	1.32	1.36	2.70
U.S. Municipal	0.88	0.90	1.28
Michigan	0.96	0.98	1.32

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	21.62	16.39	1.28
S&P 400 - Mid Cap	17.19	15.95	1.11
S&P 600 - Small Cap	16.60	15.57	1.05