



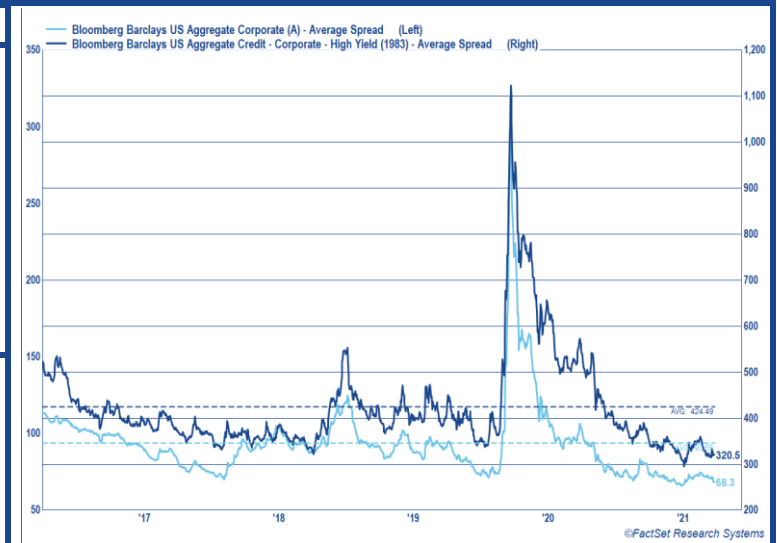
Economic & Market Commentary

The Federal Reserve (Fed) concluded their FOMC meeting last Wednesday leaving interest rates unchanged, setting the stage for bond tapering to begin, and providing an update to their economic projections. The general consensus is that the Fed will begin to taper bond purchases in November of this year and end the bond purchase program in mid-2022 paving the way for interest rates hikes to begin. From the Fed's dot plot graph, a 2022 rate liftoff is in question as it shows Fed participants are evenly split between one rate hike and no change. For 2023, the majority of participants expect multiple rate hikes with a median of 1.0%. There were many changes to the Fed's economic projections from last June. U.S. GDP growth for 2021 was revised lower to +5.9% from +7.0% while 2022 (+3.8%) and 2023 (+2.5%) were revised slightly higher. The unemployment rate for 2021 was revised higher to +4.8% from 4.5% with no changes to subsequent years. The rate of inflation for 2021 was revised higher to 4.2% from 3.4%. This marks the third consecutive higher inflation revision this year. Back in December 2020, the Fed projected a 2021 inflation rate of 1.8%, in March it was revised to 2.6% and in June to 3.4%. The inflation projection for 2022 moved up slightly to 2.2% from 2.1% while 2023 was unchanged at 2.2%. Even with the ongoing supply and demand imbalance and the growing number of companies warning of prolonged inflationary pressures, the Fed still believes inflation is transitory. The past week saw Costco, Fed Ex, General Mills, and Nike all warn in part or in full of shipping delays, labor shortages, parts and raw material shortages, production delays, diminished inventory and much higher transportation, input, and wage costs. Paraphrasing the late and great Ernie Harwell, the Fed stood there like the house by the side of the road and watched inflation go by. The Fed will likely have to revise 2022 inflation projections higher.

Index Total Returns - September 24, 2021

	1-Wk	YTD	1-Yr
S&P 500	0.52	19.87	39.28
NASDAQ	0.03	17.32	41.95
S&P 400	0.80	18.05	52.55
Dow Jones	0.62	15.28	32.25
Russell 2000	0.51	14.59	56.41
MSCI-Developed	-0.30	11.01	30.80
MSCI-Emerging	-1.02	-0.35	22.06
Barclay's U.S. Bond Index			
High Yield	-0.13	4.87	12.36
Municipal	-0.20	1.30	3.07
5-year Muni	-0.16	0.59	1.38
Int. Gov. Credit	-0.26	-0.77	-0.27
Aggregate	-0.40	-1.16	-0.60

Corporate Credit Spreads



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	0.07	0.08	0.12
U.S. 2-Yr	0.27	0.23	0.13
U.S. 3-Yr	0.54	0.47	0.15
U.S. 5-Yr	0.96	0.86	0.27
U.S. 10-Yr	1.46	1.37	0.66
U.S. 30-Yr	1.99	1.91	1.40

S&P 500 Sector Total Returns - September 24, 2021

Sector	1-Wk	YTD	1-Yr
Energy	4.70	39.84	77.33
Real Estate	-1.48	28.37	39.90
Financials	2.21	31.54	67.73
Communication Services	-0.72	26.02	47.58
Info Tech	0.97	20.98	41.93
Health Care	-0.38	17.66	32.37
Industrials	0.80	14.97	35.90
Consumer Discretionary	0.31	13.72	27.35
Materials	0.12	13.22	33.09
Consumer Staples	-0.31	7.67	17.01
Utilities	-1.17	6.26	16.35

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	0.88	0.83	0.89
U.S. AA	0.93	0.89	1.06
U.S. A	1.15	1.10	1.66
U.S. Baa	1.44	1.39	2.56
U.S. Municipal	1.02	0.98	1.31
Michigan	1.12	1.06	1.30

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	21.08	16.57	1.27
S&P 400 - Mid Cap	16.33	15.91	1.12
S&P 600 - Small Cap	15.36	15.72	1.08