



Economic & Market Commentary

After starting out on a weak note, stock markets finished mostly higher last week as a temporary agreement to raise the debt ceiling along with continued better COVID trends resulted in modest gains. Large-cap stock markets were at the front of the pack while tech-heavy and small-cap stock markets trailed. At the S&P 500 sector level, Energy was clear winner rising +5.0% as the global energy crunch intensified, sending oil prices sharply higher. Since November 2020, U.S. natural gas and oil prices have doubled and market experts forecast higher prices for the coming winter months. The barbell of persistent supply disruptions and robust business and consumer demand is stoking inflation fears, which sent bond yields higher last week. The yield on the 10-Year treasury bond rose 14 basis points to 1.61% from 1.47%. With the Federal Reserve on the verge of beginning to taper bond purchases and the end of supply and demand imbalances nowhere in sight, bond yields are expected to move higher in the coming months. The backup in yields last week played favorably for the Financial sector which rose +2.4%. With the end of federal pandemic assistance in early September, stronger monthly job gains were expected but this was not the case last month. Job gains in September came in at +194,000 well below the consensus expectation of +479,000. This marks the second consecutive month of a large miss. August posted job gains of +366,00 missing the consensus expectation of +750,000. As has been the case, predicting the labor market in the COVID era has proven to be very difficult but the trend has been decidedly positive. So far this year, monthly job gains have averaged +561,000 and employment has increased by 17.4 million since the labor trough in March and April 2020 when 22.4 million jobs were lost.

Index Total Returns - October 8, 2021

	1-Wk	YTD	1-Yr
S&P 500	0.83	18.23	29.29
S&P 400	0.26	17.72	36.82
Dow Jones	1.27	15.17	24.57
Russell 2000	-0.37	13.89	38.49
NASDAQ	0.10	13.70	28.52
MSCI-Developed	0.29	7.84	22.38
MSCI-Emerging	0.85	-0.92	14.79
Barclay's U.S. Bond Index			
High Yield	-0.33	4.19	9.60
Municipal	-0.15	0.63	2.89
5-year Muni	-0.05	0.26	1.22
Int. Gov. Credit	-0.47	-1.16	-0.61
Aggregate	-0.78	-2.05	-1.19

Price of Oil



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	0.09	0.09	0.13
U.S. 2-Yr	0.31	0.27	0.13
U.S. 3-Yr	0.58	0.49	0.18
U.S. 5-Yr	1.05	0.94	0.33
U.S. 10-Yr	1.61	1.47	0.77
U.S. 30-Yr	2.16	2.04	1.57

S&P 500 Sector Total Returns - October 8, 2021

Sector	1-Wk	YTD	1-Yr
Energy	5.02	55.37	90.18
Financials	2.35	34.28	57.93
Real Estate	-0.72	24.80	24.79
Communication Services	0.05	23.81	39.46
Info Tech	0.29	17.28	29.36
Industrials	1.78	15.07	27.47
Materials	1.00	13.37	25.09
Health Care	-0.33	13.16	20.13
Consumer Discretionary	0.90	11.96	17.66
Consumer Staples	1.42	6.45	11.20
Utilities	1.45	5.66	5.31

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	1.01	0.99	0.98
U.S. AA	1.06	1.03	1.17
U.S. A	1.30	1.25	1.76
U.S. Baa	1.58	1.53	2.66
U.S. Municipal	1.16	1.12	1.41
Michigan	1.26	1.22	1.41

Index Characteristics	P/E	P/E NTM	Dividend Yield
S&P 500 - Large Cap	20.58	16.62	1.30
S&P 400 - Mid Cap	16.13	15.92	1.11
S&P 600 - Small Cap	15.26	15.73	1.07