



Economic & Market Commentary

I'm a recovering research hoarder. In the first half of my career when I served as an analyst and then portfolio manager on the institutional buy-side for property and casualty insurance companies, I kept many research reports, opinions, and editorials from various financial and media outlets over those years. Packing up for the move into our magnificent new building located at 400 East Eight Street afforded the opportunity to review some of these pieces. They covered a variety of topics like the start of the Euro currency (1999), first issuance of inflation-protection bonds (TIPS-1997), collapse and rescue of Long-Term Capital (1998), the fall of Enron (2001), World Com (2002), and Conseco (2002), the Russian ruble crisis (1998), the Asian financial/currency crisis (1997), and many more topics. Many of these highlighted events were overshadowed during the 1990's tech-bubble. In 1998 when Long-Term Capital went down, it was very difficult to trade a corporate bond or plain vanilla MBS/CMO securitized bond for roughly two months. But during the tech-craze, it didn't matter. Bond what? Long-Term Capital who? Which brings us to a 1999 WSJ article from Professor Jeremy Siegel about the tech-craze and how internet stocks were vastly over-valued. The main point of the article cited that "during enthusiastic markets, both past and present, buyers will continue to make money as long as there is conviction their investment will be worth more tomorrow than yesterday regardless of valuation, cash flow, or future earnings, and that eventually the value of all assets must confront the law of economics i.e. fundamentals." While not in a tech bubble, since the onset of COVID there are pockets of similarities but most definitely there is a disconnect between valuations and underlying fundamentals which is why we employ a defensive tactical strategy.

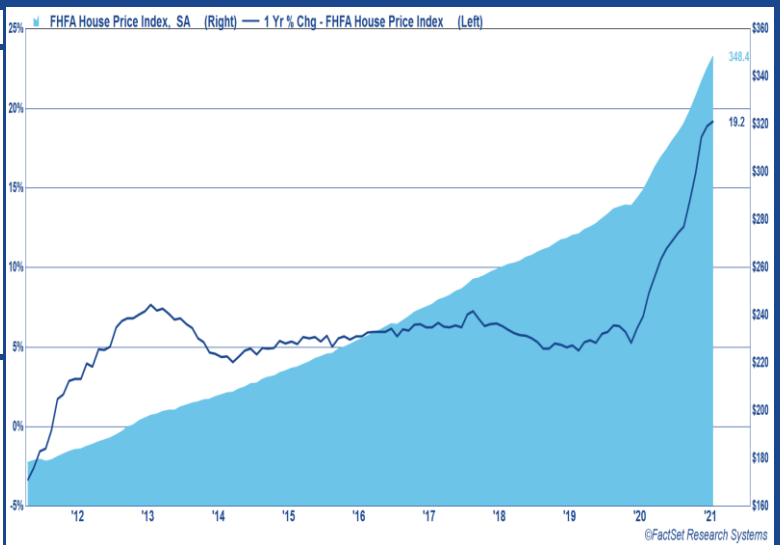
Index Total Returns - October 22, 2021

	1-Wk	YTD	1-Yr
S&P 400	1.78	22.42	41.42
S&P 500	1.66	22.39	33.55
Dow Jones	1.12	18.30	28.21
NASDAQ	1.30	17.68	32.04
Russell 2000	1.14	16.88	41.95
MSCI-Developed	0.62	11.13	27.61
MSCI-Emerging	0.75	1.95	16.11

Barclay's U.S. Bond Index

High Yield	-0.08	4.26	9.35
Municipal	-0.29	0.40	2.63
5-year Muni	-0.24	0.04	0.98
Int. Gov. Credit	-0.32	-1.57	-0.92
Aggregate	-0.37	-2.09	-0.98

U.S. Home Price Index



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	0.12	0.10	0.13
U.S. 2-Yr	0.47	0.40	0.15
U.S. 3-Yr	0.79	0.70	0.20
U.S. 5-Yr	1.21	1.12	0.37
U.S. 10-Yr	1.65	1.57	0.84
U.S. 30-Yr	2.09	2.05	1.66

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	1.06	1.00	0.99
U.S. AA	1.12	1.05	1.17
U.S. A	1.36	1.29	1.77
U.S. Baa	1.66	1.58	2.65
U.S. Municipal	1.22	1.15	1.41
Michigan	1.31	1.24	1.44

S&P 500 Sector Total Returns - October 22, 2021

Sector	1-Wk	YTD	1-Yr
Energy	1.18	59.06	99.70
Financials	2.79	39.73	64.65
Real Estate	3.22	33.37	39.64
Communication Services	-0.61	22.52	34.34
Info Tech	1.61	22.28	34.61
Industrials	1.84	19.47	31.63
Materials	0.86	18.53	31.37
Consumer Discretionary	1.49	17.65	23.88
Health Care	2.89	17.40	24.65
Utilities	2.34	9.67	7.42
Consumer Staples	0.91	8.68	13.43

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	21.14	16.66	1.26
S&P 400 - Mid Cap	16.63	15.93	1.09
S&P 600 - Small Cap	15.28	15.81	1.06