



**Economic & Market Commentary**

One could argue that the last two generations of Americans have not lived through a prolonged high inflationary cycle but it is increasingly looking like they are about to. Indeed, inflation rates remained elevated at the producer and point of sale levels in October. The Producer Price Index (PPI) rose +0.60% for the month and +8.6% compared to one-year ago. At the consumer level, the Consumer Price Index (CPI) rose a whopping +0.9% for the month and +6.2% over the past twelve months, which is the highest year-over-year inflation rate since November 1990 or 31 years. Heading into the COVID lockdowns and mandates, overall consumer and business balance sheets were quite healthy. Due to this and numerous Federal pandemic relief initiatives, demand didn't miss a beat coming out of COVID lockdowns and remains very strong at the consumer and business levels. Unfortunately, supply did miss a beat and the intricate global supply chain remains grossly out of tune for a variety of reasons. Thus, the supply and demand imbalances linger and in turn, so will higher inflation rates. Historically, when inflation expectations are on the rise it can become a self-fulfilling prophecy. Since the beginning of this year, business and consumer surveys have increasingly highlighted rising costs and the expectation for prices to rise in the future. These expectations set the stage for price hikes and wage increases both of which are currently on the rise. The NFIB's October Small Business Optimism Index noted 53% of small businesses plan on raising prices which is a level not seen since the early 1980s. The University of Michigan's Preliminary November Surveys of Consumer showed consumer sentiment fell to 66.8%, its lowest reading in a decade. The decline was driven by escalating inflation and the rising concern of no end in sight from surging inflation. The good news is the Federal Reserve is adhering to its price stability mandate and taking a measured approach before raising short-term rates to combat inflation.

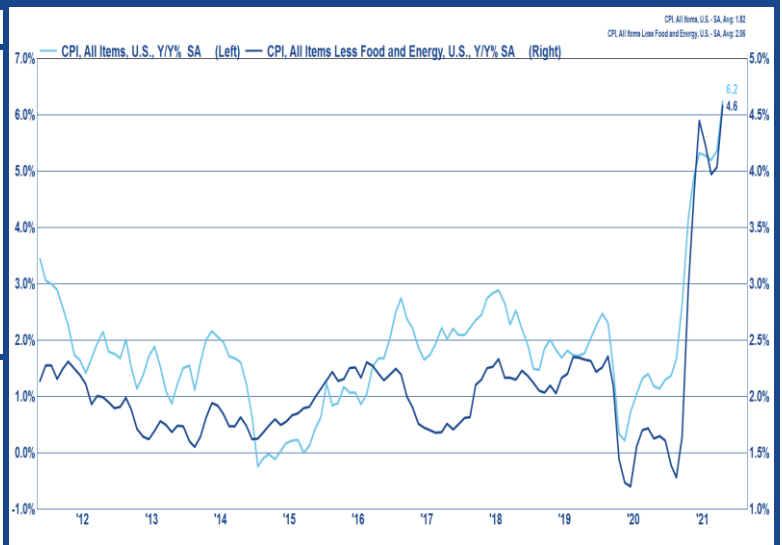
**Index Total Returns - November 12, 2021**

	1-Wk	YTD	1-Yr
S&P 400	-0.05	27.15	41.99
S&P 500	-0.27	26.21	34.32
NASDAQ	-0.68	23.75	36.36
Russell 2000	-1.00	23.11	42.58
Dow Jones	-0.56	19.79	26.50
MSCI-Developed	-0.34	12.45	20.81
MSCI-Emerging	1.71	1.40	10.98

**Barclay's U.S. Bond Index**

High Yield	-0.25	4.73	8.11
Municipal	0.15	1.12	2.65
5-year Muni	0.01	0.12	0.88
Int. Gov. Credit	-0.59	-1.50	-0.96
Aggregate	-0.75	-1.69	-0.93

**U.S. Consumer Price Index**



**U.S. Treasury Yields**

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	0.17	0.15	0.12
U.S. 2-Yr	0.52	0.39	0.18
U.S. 3-Yr	0.85	0.65	0.23
U.S. 5-Yr	1.23	1.05	0.39
U.S. 10-Yr	1.58	1.45	0.89
U.S. 30-Yr	1.95	1.88	1.65

**Municipal Yields - Bloomberg/Barclays Index**

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	0.98	1.00	0.91
U.S. AA	1.04	1.05	1.08
U.S. A	1.28	1.30	1.66
U.S. Baa	1.56	1.58	2.60
U.S. Municipal	1.13	1.15	1.32
Michigan	1.26	1.26	1.36

**S&P 500 Sector Total Returns - November 12, 2021**

Sector	1-Wk	YTD	1-Yr
Energy	-1.32	58.09	85.70
Financials	0.30	38.13	53.90
Real Estate	-0.04	34.84	36.22
Info Tech	0.18	29.16	40.35
Communication Services	-0.49	26.19	33.09
Materials	2.57	25.86	35.13
Consumer Discretionary	-3.17	24.38	32.05
Industrials	0.46	21.91	29.31
Health Care	0.63	19.31	22.91
Consumer Staples	-0.20	11.19	13.81
Utilities	-0.82	8.75	5.15

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	21.59	16.72	1.22
S&P 400 - Mid Cap	16.95	15.95	1.05
S&P 600 - Small Cap	15.60	15.82	0.99