



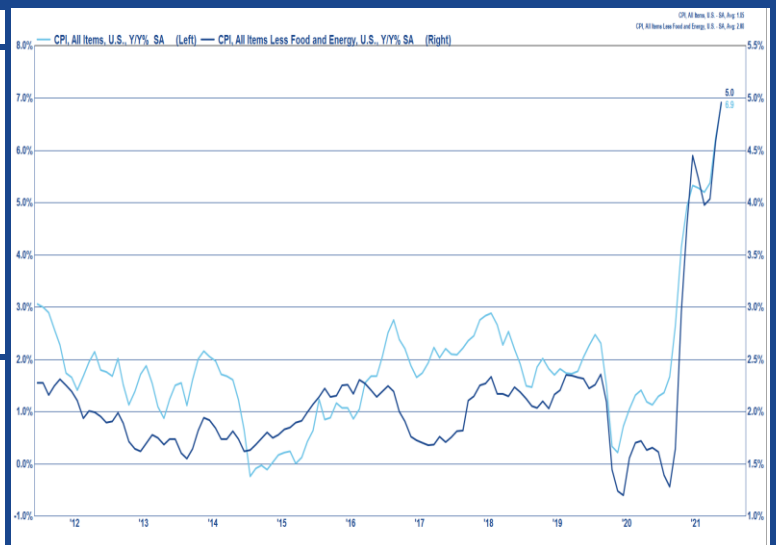
**Economic & Market Commentary**

Despite inflation reaching a near 40-year high, stocks finished sharply higher last week on positive news surrounding the Omicron COVID variant. The November Consumer Price Index (CPI) showed that the rate of inflation reached its highest since June 1982 rising to 6.8%. This of course is the official CPI measure which has numerous weighted categories. Average household inflation is likely much higher because goods such as energy and food etc. comprise a much larger portion of the household budget. For example, over the past 12 months ending November meats are up +16.0%, pork +16.8%, chicken +9.2%, fuel oil +59.3%, propane +34.3%, natural gas +25.1%, new cars +10.9%, and used cars +31.4%. The bottom line is that the average household budget is under pressure and the bad news is inflation is not going away anytime soon. It is widely expected that the Federal Reserve is going to have its mea culpa when they release their FOMC statement this coming Wednesday and it removes the adjective "transitory" from its narrative of inflation. Remember, for quite a while the Federal Reserve argued that price increases related to the COVID-induced supply and demand imbalance was going to be short-lived i.e. transitory. The economy is doing well as the labor market is at full employment and consumer and business demand remains strong. Unfortunately, the supply side of things is still in disarray making it very difficult for businesses to keep up with strong demand. Shortages abound with labor, raw materials, parts, shipping, and transportation. Add in the kaleidoscope of opinions and responses to COVID and you have the recipe for prolonged inflation. The good news is inflation will likely peak in the coming months but the main question is at what rate will inflation settle in at?

**Index Total Returns - December 10, 2021**

	1-Wk	YTD	1-Yr
S&P 500	3.85	27.16	30.31
NASDAQ	3.62	22.03	26.81
S&P 400	2.91	21.92	25.32
Dow Jones	4.05	19.71	22.15
Russell 2000	2.45	13.00	16.17
MSCI-Developed	2.44	8.99	11.53
MSCI-Emerging	1.15	-2.20	0.79
<b>Barclay's U.S. Bond Index</b>			
High Yield	0.65	4.44	5.37
Municipal	-0.02	1.40	1.75
5-year Muni	-0.01	0.24	0.42
Int. Gov. Credit	-0.34	-1.56	-1.30
Aggregate	-0.72	-1.67	-1.34

**Consumer Price Index - CPI**



**U.S. Treasury Yields**

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	0.26	0.26	0.10
U.S. 2-Yr	0.66	0.58	0.14
U.S. 3-Yr	0.99	0.84	0.19
U.S. 5-Yr	1.25	1.12	0.38
U.S. 10-Yr	1.49	1.34	0.91
U.S. 30-Yr	1.88	1.67	1.64

**S&P 500 Sector Total Returns - December 10, 2021**

Sector	1-Wk	YTD	1-Yr
Energy	3.79	57.45	45.39
Real Estate	2.80	37.55	40.62
Info Tech	5.99	35.09	41.55
Financials	2.67	34.43	38.60
Consumer Discretionary	2.53	24.70	28.58
Materials	3.58	23.41	26.08
Communication Services	2.94	21.00	22.79
Industrials	3.06	20.14	20.74
Health Care	3.17	20.00	22.00
Consumer Staples	3.60	13.51	14.99
Utilities	2.63	12.87	14.95

**Municipal Yields - Bloomberg/Barclays Index**

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	0.96	0.95	0.79
U.S. AA	1.02	1.01	0.92
U.S. A	1.27	1.26	1.41
U.S. Baa	1.55	1.53	2.20
U.S. Municipal	1.12	1.11	1.13
Michigan	1.22	1.23	1.21

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	21.44	16.79	1.22
S&P 400 - Mid Cap	16.11	16.00	1.11
S&P 600 - Small Cap	14.52	15.90	1.08