



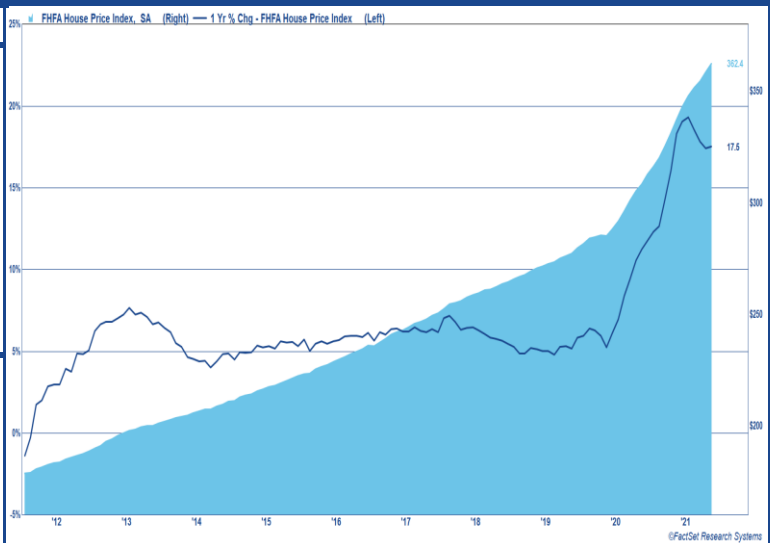
Economic & Market Commentary

The majority of stock markets enjoyed a strong succor rally last Friday driven higher by tech earnings which pushed some markets higher for the week. Stock markets have been concerned the Federal Reserve (Fed) may move too pell-mell with monetary policy in dealing with high inflation. The Fed's monetary policy mandate is to maximize employment and maintain price stability. They have over-achieved on maximizing employment and under-achieved with price stability as inflation rates are at forty-year highs. At the FOMC meeting press conference last Wednesday, Chair Powell was decidedly hawkish in tone although he laid out the reasons why the Fed believes the economy can handle the change in monetary policy and a tightening of financial conditions. Namely, strength of the labor market and the economy. When asked if the Fed can raise rates and bring inflation under control without hurting jobs and wages, Chair Powell cited, "By so many measures, a historically tight labor market, record levels of job openings and quits, jobs are plentiful and readings are at levels really that we haven't seen in a long time and, in some cases, ever. You see very large wage increases. So, this is a very, very strong labor market, and I think that strength will continue. We can move rates up without having to severely undermine it." When asked if the Fed is willing to deviate from gradual rate hikes and raise rates 50 basis points (1/2%) he responded, "we have not made these decisions though we fully appreciate that this is a different expansion than back where we were in 2015-2018, with higher inflation, higher growth and a much stronger economy. And I think those differences are likely to be reflected in the policy that we implement." The Fed has the difficult task of lowering inflation without pushing the economy into recession. Their task likens to navigating the economy modestly downstream across a ford in the river of monetary policy. A couple of missteps and the economy may lose its footing and be pushed further downstream.

Index Total Returns - January 28, 2022

	1-Wk	YTD	1-Yr
MSCI-Emerging	-4.26	-3.28	-9.89
Dow Jones	1.34	-4.36	15.58
MSCI-Developed	-3.61	-5.73	4.27
S&P 500	0.79	-6.93	18.68
S&P 400	-0.61	-9.22	9.33
NASDAQ	0.02	-11.96	3.92
Russell 2000	-0.97	-12.30	-5.63
Barclay's U.S. Bond Index			
Int. Gov. Credit	-0.34	-1.49	-2.66
5-year Muni	-1.14	-2.39	-2.39
Municipal	-1.33	-2.70	-1.85
High Yield	-1.28	-2.80	1.89
Aggregate	-0.36	-2.13	-3.03

FHFA Home Price Index



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	0.74	0.55	0.08
U.S. 2-Yr	1.17	0.99	0.12
U.S. 3-Yr	1.38	1.27	0.18
U.S. 5-Yr	1.62	1.54	0.43
U.S. 10-Yr	1.78	1.75	1.05
U.S. 30-Yr	2.08	2.06	1.82

S&P 500 Sector Total Returns - January 28, 2022

Sector	1-Wk	YTD	1-Yr
Energy	5.09	18.58	70.91
Financials	1.36	-0.84	33.50
Consumer Staples	-0.42	-1.85	20.29
Utilities	-1.35	-5.06	12.15
Industrials	-1.47	-5.77	16.77
Health Care	0.77	-7.38	14.24
Materials	-0.93	-8.16	17.42
Communication Services	0.54	-8.40	10.68
Info Tech	2.27	-9.32	20.18
Real Estate	-0.20	-9.65	30.08
Consumer Discretionary	-0.95	-12.99	5.59

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	1.57	1.28	0.71
U.S. AA	1.63	1.33	0.79
U.S. A	1.87	1.57	1.16
U.S. Baa	2.16	1.88	1.74
U.S. Municipal	1.72	1.43	0.95
Michigan	1.80	1.52	1.05

Index Characteristics	P/E	P/E NTM	Dividend Yield
S&P 500 - Large Cap	19.74	16.92	1.31
S&P 400 - Mid Cap	14.22	15.60	1.24
S&P 600 - Small Cap	13.30	16.17	1.20