



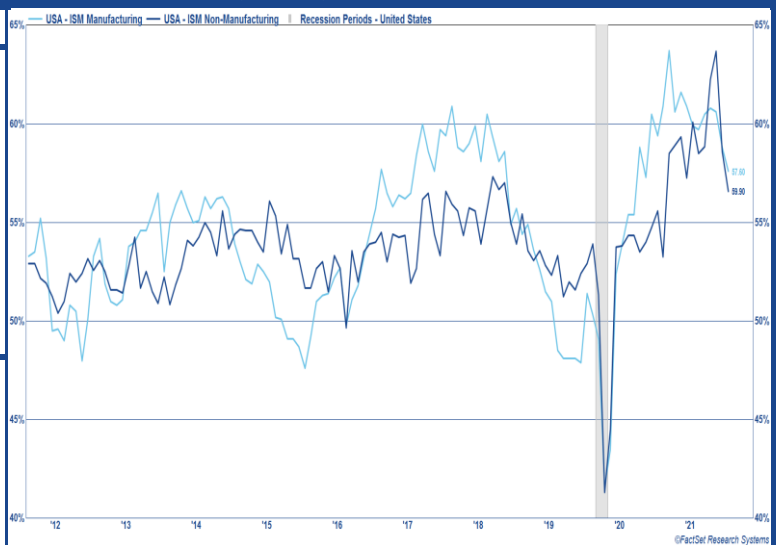
Economic & Market Commentary

Capital market activity was choppy last week but stock markets finished moderately higher supported by tech earnings and better-than-expected economic reports. Earnings in the tech space were volatile as some big-cap tech names crushed earnings estimates while others massively missed estimates. Amazon, Google, and Microsoft all had stellar 4Q21 quarterly earnings while Facebook and PayPal greatly disappointed. Following their earnings release, Facebook and PayPal stocks were down -26.4% and -24.6% respectively. With S&P 500 4Q21 earnings, companies continue to highlight strong revenue volume and persistent inflation due to supply chain challenges and labor shortages, which in turn are increasing costs and pressuring margins. Heading into the first reports on January economic data, the general expectation called for readings to come in well below par due to Omicron but so far this has not been the case. According to ISM survey, business activity in January remained in solid expansionary levels with manufacturing and service readings of 57.6% and 59.9% respectively. Readings above 50% are considered expansionary and vice-versa. On the labor front, many pundits expected a negative monthly jobs report. Even the Biden administration was pre-emptively bracing for a bad report. The consensus expectation called for January job gains of +155,000. Actual job gains came in much stronger than expected at +467,000. The stronger than expected jobs number along with year-over-year hourly wage gains of +5.7% prompted inflation fears sending bond yields sharply higher last week. The 10-year treasury bond yield soared to 1.92%, the highest level since December 2019. Bond yields moved higher across the entire yield curve last week and bond futures are now pricing in five rate increases this year.

Index Total Returns - February 4, 2022

| | 1-Wk | YTD | 1-Yr |
|----------------------------------|-------|--------|--------|
| MSCI-Emerging | 2.53 | -0.84 | -10.16 |
| Dow Jones | 1.06 | -3.35 | 15.10 |
| MSCI-Developed | 2.10 | -3.75 | 6.14 |
| S&P 500 | 1.57 | -5.47 | 17.90 |
| S&P 400 | 1.77 | -7.61 | 8.33 |
| NASDAQ | 2.41 | -9.84 | 3.00 |
| Russell 2000 | 1.74 | -10.78 | -8.18 |
| Barclay's U.S. Bond Index | | | |
| Int. Gov. Credit | -0.58 | -2.06 | -3.13 |
| 5-year Muni | 0.15 | -2.24 | -2.26 |
| Municipal | 0.43 | -2.28 | -1.49 |
| Aggregate | -0.95 | -3.05 | -3.60 |
| High Yield | -0.30 | -3.10 | 1.11 |

ISM Business Activity Surveys



U.S. Treasury Yields

| Treasury Yields | Latest Close | Week Ago | 1-Year Ago |
|-----------------|--------------|----------|------------|
| U.S. 1-Yr | 0.86 | 0.74 | 0.07 |
| U.S. 2-Yr | 1.32 | 1.17 | 0.11 |
| U.S. 3-Yr | 1.55 | 1.38 | 0.19 |
| U.S. 5-Yr | 1.78 | 1.62 | 0.46 |
| U.S. 10-Yr | 1.92 | 1.78 | 1.14 |
| U.S. 30-Yr | 2.23 | 2.08 | 1.93 |

S&P 500 Sector Total Returns - February 4, 2022

| Sector | 1-Wk | YTD | 1-Yr |
|------------------------|-------|-------|-------|
| Energy | 4.98 | 24.49 | 72.88 |
| Financials | 3.57 | 2.70 | 32.39 |
| Consumer Staples | 0.42 | -1.44 | 21.31 |
| Utilities | 0.81 | -4.29 | 11.71 |
| Industrials | 0.43 | -5.36 | 14.79 |
| Health Care | 1.34 | -6.13 | 16.45 |
| Info Tech | 1.11 | -8.31 | 18.41 |
| Materials | -0.20 | -8.34 | 17.02 |
| Communication Services | -0.25 | -8.64 | 5.91 |
| Consumer Discretionary | 3.95 | -9.56 | 6.71 |
| Real Estate | -0.21 | -9.84 | 27.54 |

Municipal Yields - Bloomberg/Barclays Index

| Issue Type | Latest Close | Week Ago | 1-Year Ago |
|----------------|--------------|----------|------------|
| U.S. AAA | 1.52 | 1.57 | 0.72 |
| U.S. AA | 1.56 | 1.63 | 0.79 |
| U.S. A | 1.80 | 1.87 | 1.15 |
| U.S. Baa | 2.14 | 2.16 | 1.71 |
| U.S. Municipal | 1.66 | 1.72 | 0.95 |
| Michigan | 1.76 | 1.80 | 1.01 |

| Index Characteristics | P/E NTM | P/E NTM 10yr-Avg. | Dividend Yield |
|-----------------------|---------|-------------------|----------------|
| S&P 500 - Large Cap | 20.00 | 16.94 | 1.29 |
| S&P 400 - Mid Cap | 14.40 | 15.61 | 1.22 |
| S&P 600 - Small Cap | 13.34 | 16.14 | 1.20 |