



Economic & Market Commentary

Market volatility has been on the rise since the fourth quarter of last year and much more so lately with rising inflation, expected Fed rate increases, and the invasion of Ukraine. Naturally, when uncertainty levels rise and market returns turn negative, investors become worried for seeing the value of their investments decline is rather unsettling. It is at times like this when investors come to understand the inherent level of risk within their portfolio. Essentially, risks come in two forms, systematic and unsystematic. Systematic risks are macro events that can broadly affect capital markets, economies, and industries either domestically or globally. Recent examples include the COVID pandemic, expected change in Federal Reserve monetary policy, and Russia's invasion of Ukraine. Systematic risk is considered undiversifiable and the way to control this risk is by having an asset allocation that is consistent with your goals, risk tolerance, and constraints. Unsystematic risks are associated with a specific industry, company, or security that normally are not shared with a wider market, economy, or industry. These risks may emanate from competition, political, legal, financial, regulatory and reputational risks. Fortunately, unsystematic risk can be greatly reduced through diversification at the asset class and sub-class levels. Some examples of unsystematic risk include the U.S. auto industry where GM and Ford lost market share to foreign automaker competitors; the Bush Administration's "luxury tax" that crippled the sales of yachts, private jets, etc. and was promptly repealed; Netflix recently had a less than stellar earnings report resulting in a steep stock price decline; and lastly who could forget the collapse of Enron due to fraudulent accounting practices. To control risk, one should have a comprehensive investment plan, a prudent investment objective, and an asset mix that is consistent with the plan and objective. Following the investment plan process helps to weather elevated levels and periods of risk.

Index Total Returns - March 4, 2022

	1-Wk	YTD	1-Yr
MSCI-Emerging	-2.29	-6.95	-13.16
Dow Jones	-1.23	-7.15	10.73
S&P 400	-1.70	-7.78	7.97
S&P 500	-1.24	-8.94	16.49
Russell 2000	-1.92	-10.74	-5.84
MSCI-Developed	-6.51	-12.66	-4.78
NASDAQ	-2.76	-14.80	5.32
Barclay's U.S. Bond Index			
Int. Gov. Credit	0.71	-1.92	-1.92
5-year Muni	0.12	-2.78	-1.96
Aggregate	0.95	-3.09	-1.79
Municipal	-0.14	-3.30	-1.09
High Yield	-0.16	-4.07	0.32

Crude Oil Prices



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	1.00	1.11	0.08
U.S. 2-Yr	1.49	1.59	0.14
U.S. 3-Yr	1.60	1.77	0.30
U.S. 5-Yr	1.63	1.89	0.78
U.S. 10-Yr	1.73	1.98	1.55
U.S. 30-Yr	2.15	2.30	2.31

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

Sector	1-Wk	YTD	1-Yr
Energy	9.31	35.97	55.83
Utilities	4.96	-0.86	24.65
Consumer Staples	0.02	-1.47	25.26
Financials	-4.79	-4.66	14.66
Industrials	1.23	-5.09	11.62
Health Care	1.18	-5.92	21.58
Materials	-1.54	-8.35	14.96
Real Estate	1.80	-9.87	32.35
Info Tech	-3.01	-13.97	19.29
Communication Services	-2.66	-15.08	-1.56
Consumer Discretionary	-2.59	-16.06	8.83

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	1.72	1.70	0.99
U.S. AA	1.81	1.78	1.09
U.S. A	2.08	2.05	1.41
U.S. Baa	2.42	2.37	1.95
U.S. Municipal	1.91	1.88	1.23
Michigan	1.98	1.94	1.28

Index Characteristics	P/E	P/E NTM	Dividend Yield
S&P 500 - Large Cap	18.99	16.99	1.36
S&P 400 - Mid Cap	14.07	15.65	1.27
S&P 600 - Small Cap	13.53	16.05	1.20