



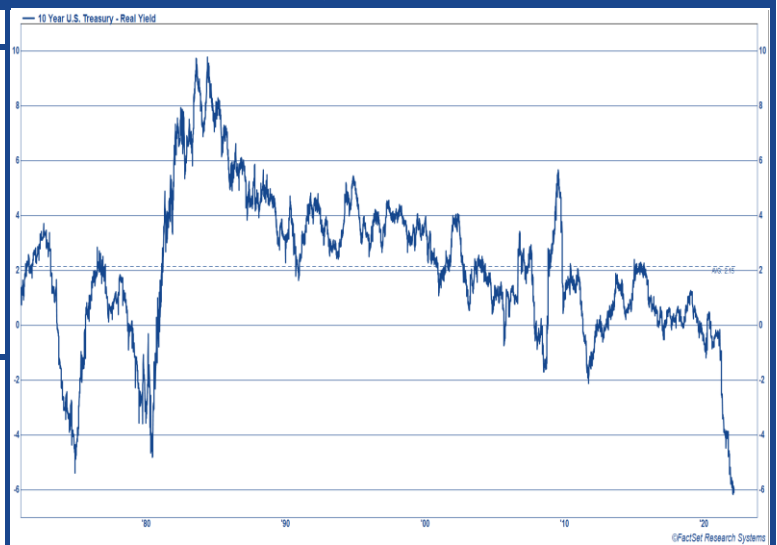
Economic & Market Commentary

Last week, weekly initial unemployment claims dropped to 187,000 which is the lowest reading since September 6, 1969. This statistic is just one indication of labor market strength. Over the past six months, monthly job gains have averaged 583,000 per month. Over the past year, average hourly wages have grown +5.0%, and for each unemployed person, there are 1.8 jobs currently available. Even Federal Reserve Chair Jay Powell noted in a recent statement that "in many ways, this may be the tightest labor market ever." With this type of strength in the labor market, you would think consumer confidence would be through the roof but this is not the case. Last Friday, the University of Michigan's Surveys of Consumers for March was released and the results were dismal. Consumer sentiment dropped to 59.4% which is a -30% decline from one-year ago. Here is an excerpt from the report, "Inflation was mentioned throughout the survey, whether the questions referred to personal finances, prospects for the economy, or assessments of buying conditions. When asked to explain changes in their finances in their own words, more consumers mentioned reduced living standards due to rising inflation than any other time except during the two worst recessions in the past fifty years: from March 1979 to April 1981, and from May to October 2008. Moreover, 32% of all consumers expected their overall financial position to worsen in the year ahead, the highest recorded level since the surveys started in the mid-1940s. The sole area of the economy about which consumers were still optimistic was the strong job market." The self-fulfilling prophecy of inflation has taken root. Going forward, expect downward revisions to economic and earnings growth and continued elevated volatility within stock and bond markets. The dramatic rise in bond yields last week clearly indicates the bond market believes the Fed is behind the curve on the inflation fighting front. The Fed's notion of a soft economic landing will be transitory.

Index Total Returns - March 25, 2022

| | 1-Wk | YTD | 1-Yr |
|----------------------------------|-------|-------|--------|
| Dow Jones | 0.31 | -3.60 | 8.88 |
| S&P 400 | 0.25 | -4.26 | 7.05 |
| S&P 500 | 1.81 | -4.35 | 17.85 |
| MSCI-Developed | 0.19 | -7.09 | 0.76 |
| Russell 2000 | -0.38 | -7.22 | -3.81 |
| MSCI-Emerging | 0.22 | -8.39 | -10.78 |
| NASDAQ | 1.99 | -9.28 | 9.90 |
| Barclay's U.S. Bond Index | | | |
| Int. Gov. Credit | -1.35 | -5.00 | -4.84 |
| 5-year Muni | -1.18 | -5.05 | -4.44 |
| High Yield | -0.64 | -5.68 | -1.20 |
| Municipal | -1.37 | -6.19 | -4.43 |
| Aggregate | -1.82 | -6.89 | -5.36 |

Real Yield - 10-Year Treasury



U.S. Treasury Yields

| Treasury Yields | Latest Close | Week Ago | 1-Year Ago |
|-----------------|--------------|----------|------------|
| U.S. 1-Yr | 1.60 | 1.20 | 0.08 |
| U.S. 2-Yr | 2.30 | 1.96 | 0.13 |
| U.S. 3-Yr | 2.53 | 2.15 | 0.29 |
| U.S. 5-Yr | 2.57 | 2.14 | 0.82 |
| U.S. 10-Yr | 2.49 | 2.15 | 1.62 |
| U.S. 30-Yr | 2.60 | 2.41 | 2.33 |

S&P 500 Sector Total Returns - March 25, 2022

| Sector | 1-Wk | YTD | 1-Yr |
|------------------------|-------|--------|-------|
| Energy | 7.42 | 43.63 | 69.05 |
| Utilities | 3.49 | 2.47 | 18.70 |
| Financials | 1.67 | 1.61 | 19.01 |
| Materials | 4.12 | -1.06 | 17.01 |
| Industrials | 1.15 | -1.60 | 8.95 |
| Consumer Staples | 1.47 | -2.08 | 16.23 |
| Health Care | -0.21 | -2.91 | 20.62 |
| Real Estate | 0.37 | -8.47 | 24.49 |
| Info Tech | 2.35 | -8.62 | 23.64 |
| Consumer Discretionary | 1.07 | -9.64 | 11.22 |
| Communication Services | 2.15 | -11.09 | 0.96 |

Municipal Yields - Bloomberg/Barclays Index

| Issue Type | Latest Close | Week Ago | 1-Year Ago |
|----------------|--------------|----------|------------|
| U.S. AAA | 2.36 | 2.06 | 0.95 |
| U.S. AA | 2.47 | 2.17 | 1.04 |
| U.S. A | 2.76 | 2.44 | 1.34 |
| U.S. Baa | 3.08 | 2.78 | 1.86 |
| U.S. Municipal | 2.57 | 2.27 | 1.17 |
| Michigan | 2.57 | 2.29 | 1.22 |

| Index Characteristics | P/E NTM | P/E NTM 10yr-Avg. | Dividend Yield |
|-----------------------|---------|-------------------|----------------|
| S&P 500 - Large Cap | 19.72 | 17.02 | 1.30 |
| S&P 400 - Mid Cap | 14.32 | 15.65 | 1.23 |
| S&P 600 - Small Cap | 13.70 | 16.06 | 1.17 |