

**Economic & Market Commentary**

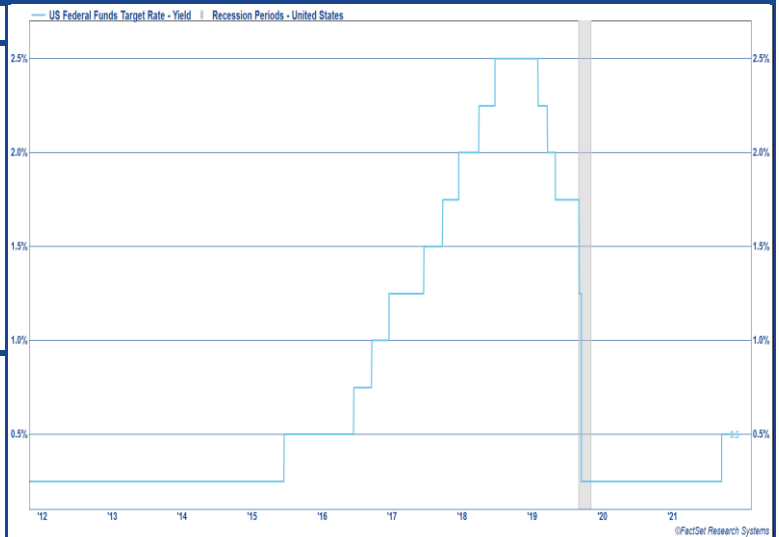
With the Federal Reserve (Fed) confirming its intent to sharply raise short-term rates, the stock market threw its latest tantrum alerting the Fed of its displeasure. With prior stock market tantrums, the Fed delayed or pivoted on its monetary policy but this time the underlying circumstances are quite different. Prior tantrums did not include inflation rates at forty-year highs, and the likelihood of a Fed delay or pivot is very low. There were two items that drove last week's sharp decline. First, Fed Chair Jerome Powell participated in an International Monetary Fund panel discussion all but confirming a 50-basis point rate hike in May and indicated the Fed may be more aggressive in dealing with inflation and front-load rate hikes. Second, the Fed recently published their latest Beige Book which is a regional survey done by all 12 Fed District banks highlighting current economic conditions. The report cited, "Inflationary pressures remain strong since the last report, with firms continuing to pass swiftly rising input costs through to customers. Contacts across Districts, particularly those in manufacturing, noted steep increases in raw materials, transportation, and labor costs." The report also noted that economic activity is expanding at a moderate pace and that the labor market remains very tight. Fed fund futures are currently pricing in four consecutive 50 basis point rate hikes starting in May to be followed by two 25 basis point hikes to close out the year. If this holds true, that will push short-term rates up to 3.0% at year end. The Fed believes it can be more aggressive with rate hikes and have a "soft economic landing" due to the underlying strength in the labor markets and the strong financial position of consumers and businesses. With 11.3 million jobs available, which is essentially 1.8 jobs for each unemployed person, the Fed contends it has a "labor cushion" where it can lessen economic demand and inflation without pushing the economy into recession and unemployment rates significantly higher.

**Index Total Returns - April 25, 2022**

	1-Wk	YTD	1-Yr
Dow Jones	-1.82	-6.42	1.89
S&P 400	-1.72	-8.73	-3.07
S&P 500	-2.74	-9.99	4.76
MSCI-Developed	-1.65	-10.02	-6.82
MSCI-Emerging	-3.71	-12.22	-18.00
Russell 2000	-3.20	-13.28	-12.14
NASDAQ	-3.83	-17.77	-6.47

**Barclay's U.S. Bond Index**

Int. Gov. Credit	-0.73	-6.41	-6.57
5-year Muni	-0.74	-6.62	-6.54
High Yield	-0.88	-7.38	-4.07
Municipal	-1.17	-8.59	-7.79
Aggregate	-1.04	-9.49	-8.71

**Fed Funds Rate****U.S. Treasury Yields**

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	1.69	1.72	0.06
U.S. 2-Yr	2.45	2.52	0.15
U.S. 3-Yr	2.68	2.72	0.31
U.S. 5-Yr	2.79	2.76	0.79
U.S. 10-Yr	2.83	2.71	1.54
U.S. 30-Yr	2.92	2.75	2.21

**Municipal Yields - Bloomberg/Barclays Index**

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	2.66	2.56	0.81
U.S. AA	2.78	2.66	0.90
U.S. A	3.10	2.99	1.17
U.S. Baa	3.43	3.30	1.67
U.S. Municipal	2.89	2.78	1.02
Michigan	2.93	2.81	1.08

**S&P 500 Sector Total Returns - April 25, 2022**

Sector	1-Wk	YTD	1-Yr
Energy	-4.56	38.59	70.40
Utilities	-2.36	4.56	14.86
Consumer Staples	0.49	3.65	18.71
Real Estate	1.24	-4.14	20.77
Health Care	-3.59	-4.78	10.54
Materials	-3.72	-5.01	7.04
Industrials	-1.54	-6.62	-0.60
Financials	-1.97	-7.00	6.00
Consumer Discretionary	-1.77	-14.08	-1.27
Info Tech	-2.53	-17.66	2.47
Communication Services	-7.74	-22.51	-15.93

Index Characteristics	P/E	P/E NTM	Dividend
	NTM	10yr-Avg.	Yield
S&P 500 - Large Cap	18.24	17.08	1.39
S&P 400 - Mid Cap	13.36	15.67	1.28
S&P 600 - Small Cap	12.80	16.14	1.23