



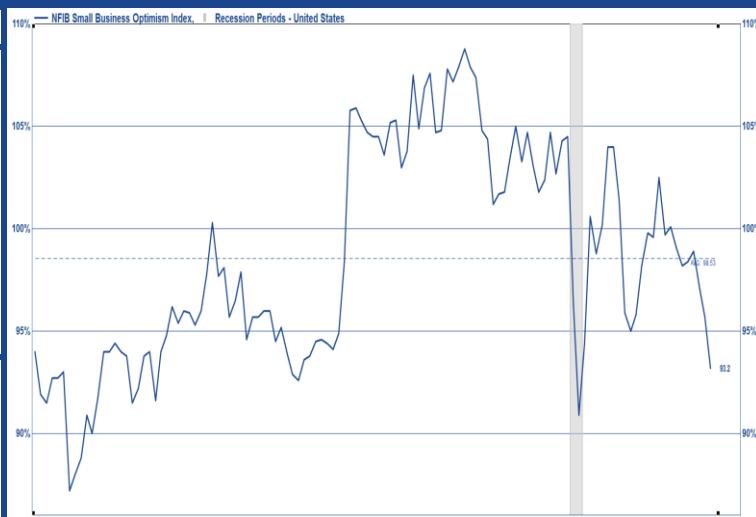
Economic & Market Commentary

After a rather volatile week of trading, stocks and bonds finished lower last week. Stocks trended higher early in the week and then rose sharply on Wednesday after the Federal Reserve's post FOMC meeting conference call. During the call, Fed Chair Jerome Powell indicated that a 0.75% rate hike was not likely and that the Fed would most likely raise the short-term target rate 0.50% at the next two FOMC meetings. The less hawkish tone set stock markets on fire with most rising near or slightly above 3%. This euphoria was short lived as markets sold off strongly Thursday and Friday on inflation and heightened global growth fears. OPEC rejected calls for higher oil production from Europe and the U.S. and oil prices continued to march higher. Diesel prices in the U.S. hit an all-time average price per gallon high last week of \$5.51. The bond market did not react kindly to the Fed's less hawkish stance as bond yields briskly rose on the intermediate and long-end of the yield curve with the 10-year treasury rising to 3.13%, its highest level since October 2018. Even with higher inflation, demand is showing no signs of abating as consumers and business are in solid financial shape. This is evident with the first reading on U.S. 1Q22 GDP and the April ISM Manufacturing and Service activity reports. First quarter U.S. GDP declined -1.4% but this was because imports (U.S. demand) rose sharply while exports declined. Consumer and business spending remained solid last quarter. There is no better example of the current state of the U.S. economy than the April ISM reports. While both surveys declined slightly last month, the decline was due to supply shortages and a lack of available labor, not a lack of demand. Demand is strong and companies are struggling to keep pace. Perhaps this is why U.S. productivity sank -7.5% in 1Q22 as output fell and wages increased. This was the biggest drop in U.S. productivity since 1947. Indeed, the Fed's balancing act to corral inflation is going to be challenging.

Index Total Returns - May 6, 2022

	1-Wk	YTD	1-Yr
Dow Jones	-0.21	-8.92	-2.98
S&P 400	-0.76	-12.31	-8.23
S&P 500	-0.18	-13.07	-0.47
MSCI-Developed	-2.83	-14.49	-11.89
MSCI-Emerging	-4.12	-15.77	-21.32
Russell 2000	-1.29	-17.77	-17.04
NASDAQ	-1.50	-22.19	-10.31
Barclay's U.S. Bond Index			
Int. Gov. Credit	-0.45	-6.84	-7.09
5-year Muni	-0.33	-6.98	-6.79
High Yield	-1.19	-9.31	-6.54
Municipal	-0.75	-9.50	-8.67
Aggregate	-1.11	-10.51	-9.78

Small Business Optimism



U.S. Treasury Yields

Treasury Yields	Latest	Week	1-Year
	Close	Ago	Ago
U.S. 1-Yr	1.93	1.99	0.05
U.S. 2-Yr	2.67	2.69	0.16
U.S. 3-Yr	2.90	2.86	0.31
U.S. 5-Yr	3.05	2.91	0.79
U.S. 10-Yr	3.13	2.89	1.56
U.S. 30-Yr	3.22	2.94	2.24

S&P 500 Sector Total Returns - May 6, 2022

Sector	1-Wk	YTD	1-Yr
Energy	10.17	50.81	65.78
Utilities	1.30	1.62	13.03
Consumer Staples	-1.30	0.21	13.15
Materials	-0.56	-6.31	-1.05
Health Care	-0.45	-7.58	7.00
Industrials	0.36	-9.38	-7.04
Financials	0.61	-10.67	-5.85
Real Estate	-3.75	-12.95	10.07
Info Tech	-0.60	-19.19	2.57
Consumer Discretionary	-3.37	-23.52	-12.11
Communication Services	1.06	-24.89	-21.27
Index Characteristics	P/E	P/E NTM	Dividend Yield
S&P 500 - Large Cap	17.62	17.10	1.44
S&P 400 - Mid Cap	12.65	15.69	1.32
S&P 600 - Small Cap	11.94	16.11	1.29