

**Economic & Market Commentary**

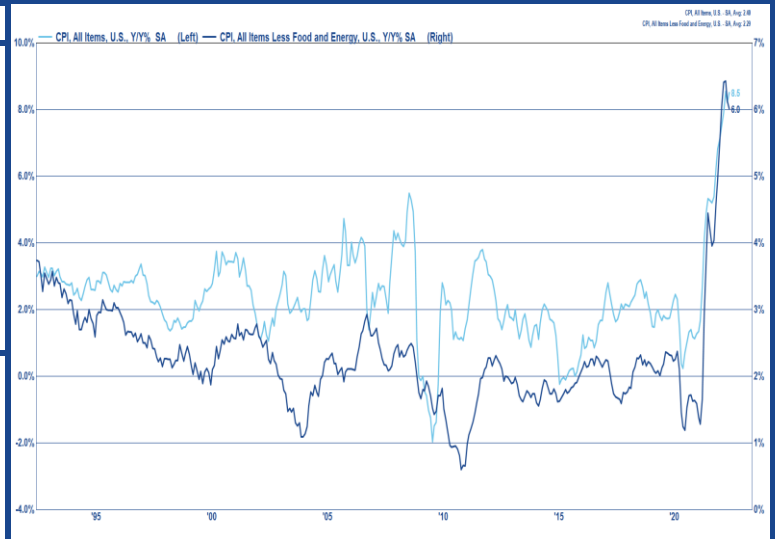
Could this be the week the S&P 500 officially closes in bear market territory? Stock futures this morning are sharply lower and below the bear market level of 3,837.25, which is a 20% decline below the S&P 500's most recent closing high of 4,796.56. A bear market is a decline equal to or greater than 20% from its most recent peak. The last time it was this close was on May 20th when it dipped into bear market territory intraday but rallied late in the day to close above the threshold. Technically, the bond market is in correction territory as well. A correction is a decline equal to or greater than 10% from its most recent high. I don't ever remember writing about bond corrections or a potential bond bear market, but given how hot inflation is running, it may happen. Bond yields were crushed last Friday and continue to be under pressure this morning. As I'm writing this morning, the 2-year treasury note stands at 3.19%. On May 31st, it was at 2.53% and 1-year ago stood at 0.15%. Higher than expected inflation is pressuring both stock and bond markets. In May, the Consumer Price Index rose +1.0% and compared to 1-year ago is up +8.6%, the highest level since December 1981. Concern is rising that inflation is eroding household budgets, corporate profits, and overall confidence. Moody's Analytics estimates inflation is costing the average American an extra \$460 per month or \$5,520 annually. On Friday, the University of Michigan's preliminary June reading of U.S. consumer sentiment came in at the lowest level ever recorded of 50.2, which is down from May's reading of 58.4. All eyes will be on the Federal Reserve this week as they hold their FOMC meeting. With Friday's inflation number, expectations have risen that the Fed will need to move short-term rates higher. CME Fed Fund futures now show a 75% chance short-term rates will be =>3.25% at year end.

**Index Total Returns - June 10, 2022**

	1-Wk	YTD	1-Yr
Dow Jones	-4.56	-12.78	-7.15
MSCI-Emerging	-0.53	-13.58	-21.69
S&P 400	-4.65	-14.89	-10.76
MSCI-Developed	-4.65	-15.80	-16.04
S&P 500	-5.04	-17.60	-6.65
Russell 2000	-4.37	-19.39	-21.22
NASDAQ	-5.59	-27.26	-18.56

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

5-year Muni	0.01	-4.93	-5.03
Int. Gov. Credit	-1.18	-7.23	-7.99
Municipal	-1.00	-8.22	-8.14
High Yield	-2.33	-10.50	-8.50
Aggregate	-1.52	-10.65	-10.56

**U.S. Consumer Price Index****U.S. Treasury Yields**

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	2.43	2.09	0.05
U.S. 2-Yr	3.04	2.69	0.15
U.S. 3-Yr	3.22	2.88	0.30
U.S. 5-Yr	3.26	2.95	0.74
U.S. 10-Yr	3.16	2.96	1.46
U.S. 30-Yr	3.20	3.11	2.15

**S&P 500 Sector Total Returns - June 10, 2022**

Sector	1-Wk	YTD	1-Yr
Energy	-0.84	61.67	68.56
Utilities	-4.09	0.42	11.50
Materials	-5.77	-9.51	-3.14
Consumer Staples	-2.59	-6.54	5.10
Health Care	-3.38	-10.63	1.59
Industrials	-4.95	-13.81	-10.79
Financials	-6.75	-16.42	-11.34
Real Estate	-6.09	-20.04	-7.43
Info Tech	-6.37	-24.84	-6.83
Communication Services	-4.13	-27.86	-25.75
Consumer Discretionary	-6.06	-29.72	-17.82

**Municipal Yields - Bloomberg/Barclays Index**

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	2.70	2.59	0.76
U.S. AA	2.87	2.75	0.81
U.S. A	3.31	3.16	1.05
U.S. Baa	3.75	3.61	1.45
U.S. Municipal	3.01	2.89	0.92
Michigan	3.18	3.05	1.01

Index Characteristics	P/E	P/E NTM	Dividend
	NTM	10yr-Avg.	Yield
S&P 500 - Large Cap	16.45	17.15	1.54
S&P 400 - Mid Cap	12.05	15.66	1.42
S&P 600 - Small Cap	11.69	16.14	1.36