

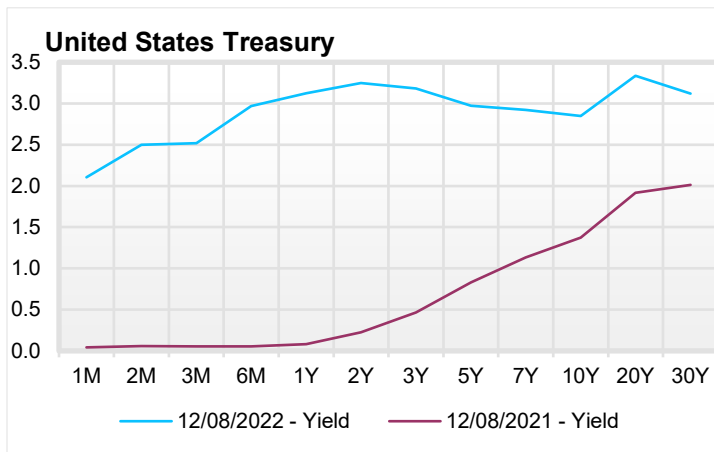
Economic Outlook

The Market Manufacturing Purchasing Managers Index and the ISM Manufacturing Index both came in around the 52 level for July, or slightly expansionary. The U.S. Unemployment Rate was a strong 3.5% for July, down slightly from June. Average Hourly Earnings were up 5.2% year over year for the month ended July 2022. Unit Labor Costs for the entire 2nd quarter of 2022 came in at +10.8% on annualized basis. Overall Productivity was a negative 4.6% on an annualized basis for the 2nd quarter 2022 (typically one would expect negative productivity in an above-average inflationary environment). The Consumer Price Index was flat for the month of July versus up 1.3% for June, while Producer Prices were down 0.5% for July. The NFIB Small Business Index came in at a strong 89.9 for July. Finally, the NAHB Housing Market Index broke below 50 for August, for a reading of 49. The reading for July was 55.

Fixed Income

The U.S. Treasury Yield Curve remains inverted, with the 10-year yield trading at 2.76%, 42 basis points below the 2-year yield of 3.18%. There was commentary from a couple of Federal Reserve Governors over the past week, which indicated that the Federal Reserve Open Market Committee may continue to raise interest rates at higher-than-normal rates until inflation gets closer to the 2% target. The three and six-month Treasury-Bill yields, however, seem to be implying a slowing of interest rate increase expectations over the next several months.

Yield Curve



Current Generic Bond Yields

	Treasuries	Agencies	Corporates	Municipals
3 Mo.	2.54%	3.11%	2.87%	1.86%
6 Mo	3.04%	3.15%	2.99%	1.89%
1 Yr	3.20%	3.22%	3.20%	1.91%
2 Yr	3.18%	3.25%	3.32%	1.94%
5 Yr	2.89%	3.15%	3.38%	1.99%
10 Yr	2.76%	3.09%	3.70%	2.53%
30 Yr	3.05%		4.31%	3.38%

Equity

US Equity continues to rally for a fourth straight week from its June low, the longest consecutive gain since last November. Peak inflation theme is the headline for the rally as data suggests softening price pressures, though Fed still believes there is more work to do on inflation (Factset Research Systems).

All sectors are positive month-to-date besides Energy (-2.33%) though the sector still holds the largest year-to-date return at +37.88% with Utilities still being the only other positive sector (+8.61%). Value (-4.12%) is inching closer to positive territory as it continues to outperform growth YTD (-14.94%).

Index Returns	YTD
Dow Jones Industrials	-6.52%
S&P 500 (LCap)	-9.81%
S&P 400 (MCAp)	-7.99%
Russell 2000 (SCap)	-10.19%
NASDAQ Composite	-16.66%
MSCI EAFE (Intl)	-13.97%
Real Estate	-11.03%