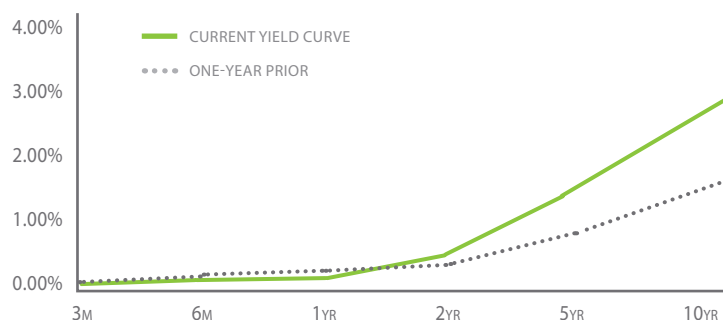


PMA MARKET UPDATE

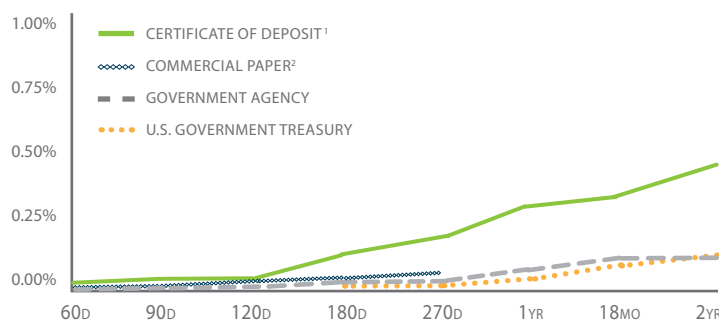
JANUARY 2014

Historical Yield Curve



Source: Bloomberg Finance L.P., 1/6/14

Indicative Rates



¹ Average of top ten banks; ² General Electric Capital Corp.

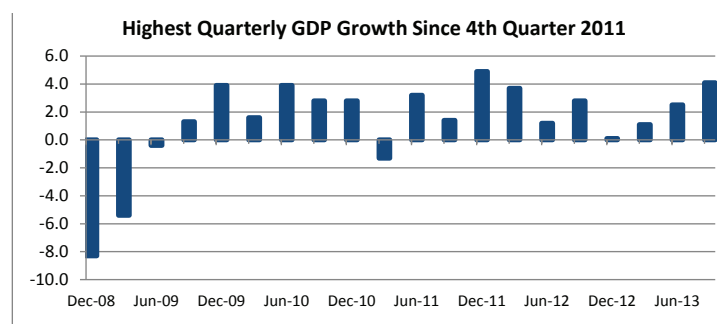
Source: PMA Financial Network, Inc., Bloomberg Finance L.P., 1/6/14

FEATURED ECONOMIC INDICATOR

GDP Above Four Percent

On December 20th, the Bureau of Economic Analysis (BEA) increased its estimate of 3rd quarter real gross domestic product to 4.1% from an earlier estimate of 3.6%. The BEA says the third and final estimate is based on more complete data than were available for the second estimate. The three estimates are releases every quarter. The increase in GDP in the third quarter primarily reflected increases in inventory, fixed investments, exports, and state and local government spending.

Source: Bureau of Economic Analysis



Source: Bloomberg

RECENT NEWS

Federal Reserve Begins to Taper Quantitative Easing

At the conclusion of its meeting on December 18th, the Federal Reserve announced that it would reduce its monthly bond-buying program known as Quantitative Easing by \$10 billion to \$75 billion. Markets reacted favorably in part because the Fed assured markets that it intends to keep short-term interest rates low well after unemployment falls below 6.5%. Chairman Bernanke said, "Today's policy actions reflect the Fed's assessment that the economy is continuing to make progress, but that it also has much farther to travel before conditions can be judged normal." The Fed also said it plans to cut the monthly purchases in \$10 billion increments at subsequent meetings. At this pace, the Fed would complete the bond-buying program toward the end of 2014.

Source: Wall Street Journal

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Consumer Price Index (YoY)	12/17/13	NOV	1.3%	1.2%	1.0%
Existing Home Sales	12/19/13	NOV	5.02M	4.90M	5.12M
Durable Goods Orders Ex. Transportation (MoM)	12/24/13	NOV	0.7%	1.2%	0.7% (R)
New Home Sales	12/24/13	NOV	440K	464K	474K (R)
Consumer Confidence	12/31/13	DEC	76.0	78.1	72.0 (R)
ISM Manufacturing	01/02/14	DEC	56.8	57.0	57.3
Initial Jobless Claims	01/09/14	JAN 4	335K	-	339K
Change in Nonfarm Payrolls	01/10/14	DEC	195K	-	203K
Unemployment Rate	01/10/14	DEC	7.0%	-	7.0%

Source: Bloomberg Finance L.P., 1/6/14

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