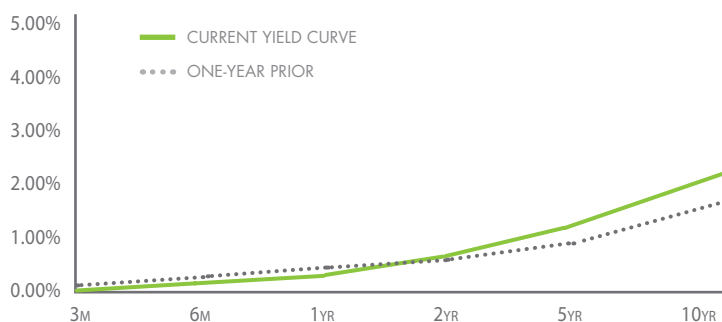


PMA MARKET UPDATE



JULY 2013

Historical Yield Curve



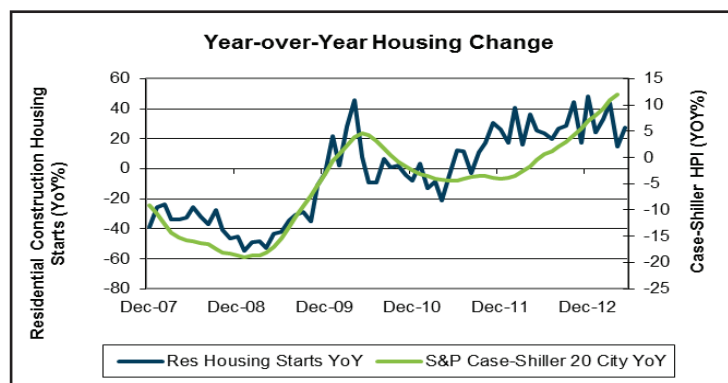
Source: Bloomberg Finance L.P., 7/1/13

FEATURED ECONOMIC INDICATOR

New Home Sales, Prices Increase Despite Rising Mortgage Rates

New home sales increased in May to the highest seasonally adjusted annual rate since July 2008, the Commerce Department said on June 26. A day later, the Standard & Poor's Case-Shiller home price index showed that existing-home prices were 12.1% higher in April than a year earlier. Housing is important to the U.S. economy because a strong housing market can create jobs, increase demand for other goods and aid consumer confidence. Some analysts warned that rising mortgage rates could slow housing market recovery. Despite the average 30-year fixed-rate mortgage increasing to 4.46% in the week ending June 21, David Blitzler, chairman of S&P's index committee, said the effect of increasing rates should be limited because easing credit restrictions have had a greater impact on the market than interest rates.

Source: Wall Street Journal, S&P Dow Jones Indices, Mortgage Bankers Association



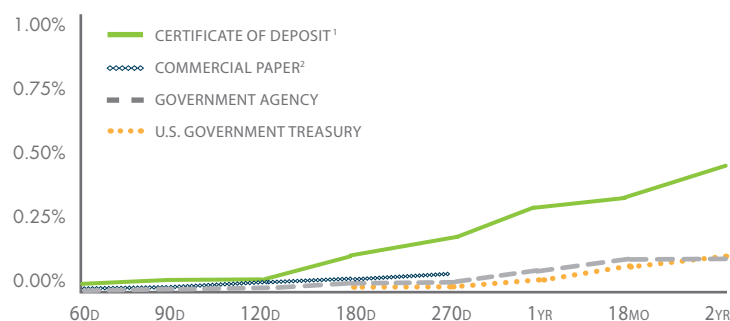
Source: Bloomberg

RECENT NEWS

Mortgage Finance Reform Bill

Senators Bob Corker and Mark Warner introduced legislation on June 24 to reform the mortgage finance market. The legislation would wind down Fannie Mae and Freddie Mac. The mortgage giants would be replaced with a new agency providing a catastrophic guarantee to private mortgage insurers. David Stevens, president and chief executive of the Mortgage Bankers Association said the bill provides a "positive framework on which to begin this crucial debate." The bipartisan bill still faces hurdles in the Senate and House. Rep. Jeb Hensarling, chairman of the Financial Services Committee, is working on his own legislation that is expected to promote a fully private system with no government backstop. Source: American Banker

Indicative Rates



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

Source: PMA Financial Network, Inc., Bloomberg Finance L.P., 7/1/13

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Durable Goods Orders Ex. Transportation (MoM)	06/25/13	MAY	0.0%	0.7%	1.7% (R)
S&P Case-Shiller Composite-20 (YoY)	06/25/13	APR	10.60%	12.05%	10.85% (R)
Consumer Confidence	06/25/13	JUN	75.1	81.4	74.3 (R)
New Home Sales	06/25/13	MAY	460K	476K	466K (R)
GDP (QoQ)	06/26/13	1Q T	2.4%	1.8%	2.4%
ISM Manufacturing	07/01/13	JUN	50.5	50.9	49.0
Initial Jobless Claims	07/03/13	JUN 29	345K	-	346K
Change in Nonfarm Payrolls	07/05/13	JUN	165K	-	175K
Unemployment Rate	07/05/13	JUN	7.5%	-	7.6%

Source: Bloomberg Finance L.P., 7/1/13

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