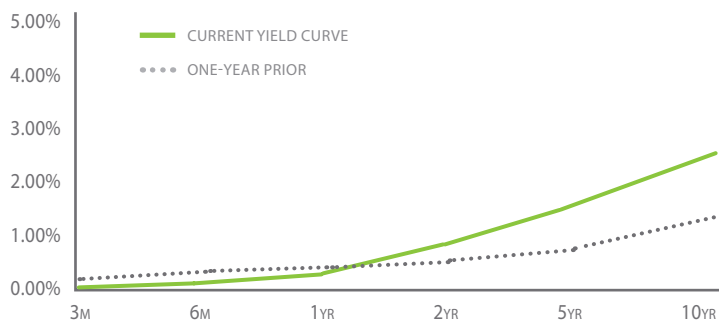


PMA MARKET UPDATE



SEPTEMBER 2013

Historical Yield Curve



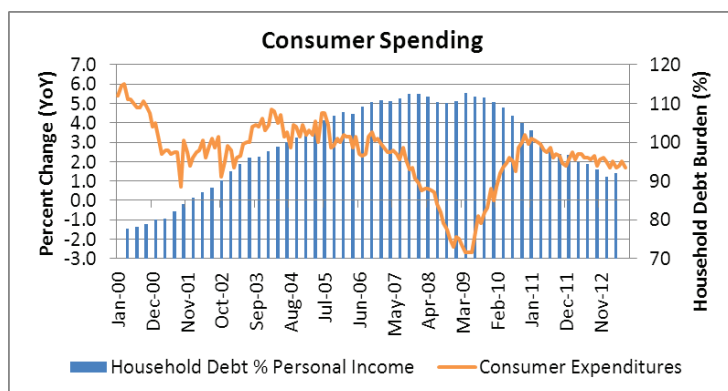
Source: Bloomberg Finance L.P., 9/3/13

FEATURED ECONOMIC INDICATOR

Consumer Spending Strained

Growth in consumer spending has been slower compared to rates seen through most of 2000-2007. Relatively slow growth in disposable income may be responsible. Recently, consumers are spending about in line with income growth. At the beginning of this year, consumers kept spending despite higher payroll taxes. The savings rate declined as a result. But the consumer is showing less willingness to maintain a lower savings rate following the financial crisis. This is shown by the household debt burden (household debt as a % personal income), which is the lowest in nearly three decades. The lower debt burden creates the potential for higher consumer spending, but time will tell how much consumers are willing to increase debt. Higher job growth and wage growth are likely needed to sustain higher spending rates and spur higher economic growth.

Source: Wall Street Journal, Bureau of Economic Analysis, Bloomberg



Source: Bloomberg

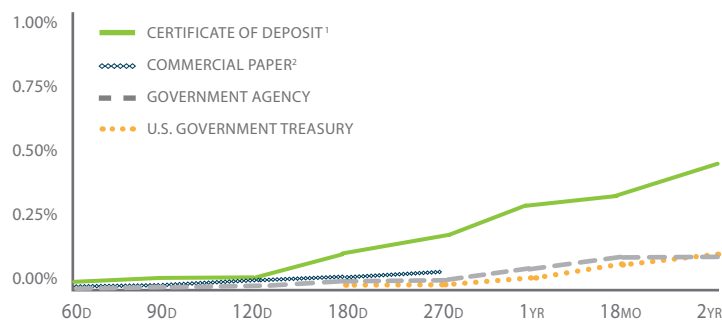
RECENT NEWS

Consumer Confidence Improves on Expectations

Consumer Confidence increased in August following a decline in July. The August rebound reflected consumers' expectations for improvements in business conditions and the labor market. Lynn Franco, Director of Economic Indicators said, "Consumers were moderately more upbeat about business, job and earnings prospects. In fact, income expectations, which had declined sharply earlier this year with the payroll tax hike, have rebounded to their highest level in two and a half years." The Consumer Confidence Index is at 81.5, which remains considerably below the average of nearly 94 over the past twenty years.

Source: The Conference Board, Bloomberg

Indicative Rates



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

Source: PMA Financial Network, Inc., Bloomberg Finance L.P., 9/3/13

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Durable Goods Orders Ex. Transportation (MoM)	08/26/13	JUL	0.5%	-0.6%	0.1% (R)
Consumer Confidence	08/27/13	AUG	79.0	81.5	81.0 (R)
GDP (QoQ)	08/29/13	2Q S	2.2%	2.5%	1.7%
Personal Spending (MoM)	08/30/13	JUL	0.3%	0.1%	0.6% (R)
ISM Manufacturing	09/03/13	AUG	54.0	55.7	55.4
Total Vehicle Sales	09/04/13	AUG	15.80M	-	15.73M (R)
Initial Jobless Claims	09/05/13	AUG 31	330K	-	331K
Change in Nonfarm Payrolls	09/06/13	AUG	180K	-	162K
Unemployment Rate	09/06/13	AUG	7.4%	-	7.4%

Source: Bloomberg Finance L.P., 9/3/13

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