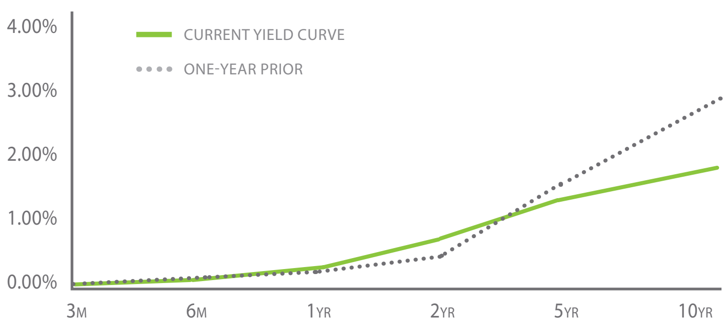
PRUDENT MAN ADVISORS MARKET UPDATE

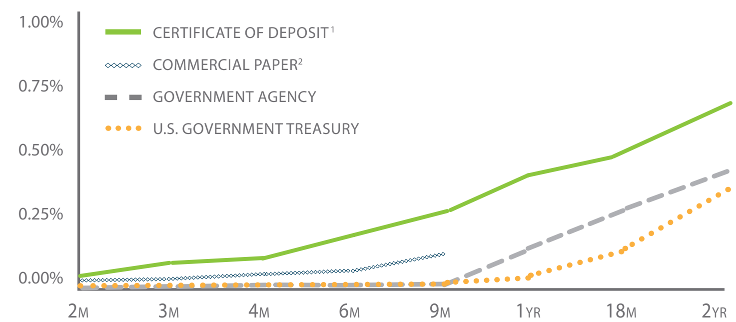
FEBRUARY 2015

Historical Yield Curve



Source: Bloomberg Finance L.P., 2/3/15

Indicative Rates



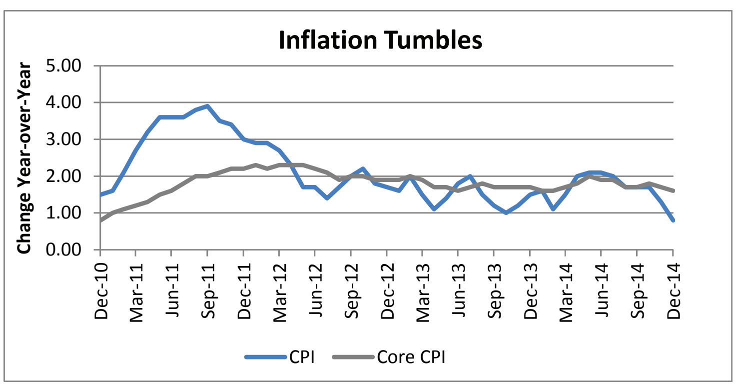
[1] Average of top ten banks; [2] General Electric Capital Corp.
Source: PMA Financial Network, Inc., Bloomberg Finance L.P., 2/3/15

FEATURED ECONOMIC INDICATOR

International Pressures Drive Down Inflation

Domestic inflation is falling due in part to lower oil prices. Deflation in Japan and low inflation across Euope may also be driving down U.S. inflation. The Fed appears to be focusing more beyond the U.S. as it said in its January 28th statement that "international developments" are now an important factor in its policy considerations. Generally, low inflation is considered supportive of economic growth, but when inflation is too low it can delay purchases if investors believe prices will not increase or they could decrease.

Source: Bloomberg, www.federalreserve.gov



Source: Bloomberg

RECENT NEWS

European Union Quantitative Easing to Begin

The European Central Bank announced on January 22 that it will launch a quantitative easing program similar to the programs initiated by Japan, the U.S. and the U.K. The ECB plans to buy €60 billion in bonds per month with a total that may exceed €1 trillion ($1.16 trillion). The intent of the program is to boost investment in businesses by lowering interest rates on relatively safe assets such as government bonds. Some observers are skeptical that the plan will work because yields are already low across the Eurozone. In addition, German officials and others worry that further loosening of monetary policy will reduce pressure on politicians to make structural reforms viewed as necessary to increase growth. Nonetheless, investors are optimistic and stock markets across Europe reacted favorably to the news.

Source: Wall Street Journal, Financial Times

U.S. Economic Indicators

Event	Event Date		Survey	Actual	Prior / Revised (R)
Chicago Fed National Activity Index	01/23/15	DEC	0.48	-0.05	0.92 (R)
Durable Goods Orders Ex. Transportation (MoM)	01/27/15	DEC	0.6%	-0.8%	-1.3% (R)
New Home Sales	01/27/15	DEC	450K	481K	431K
Consumer Confidence	01/27/15	JAN	95.5	102.9	93.1
GDP Annualized (QoQ)	01/30/15	4Q A	3.0%	2.6%	5.0%
ISM Manufacturing	02/02/15	JAN	54.5	53.5	55.1
Initial Jobless Claims	02/05/15	JAN 31	290K	-	265K
Change in Nonfarm Payrolls	02/06/15	JAN	230K	-	240K
Unemployment Rate	02/06/15	JAN	5.6%	-	5.6%

Source: Bloomberg Finance L.P., 2/3/15

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