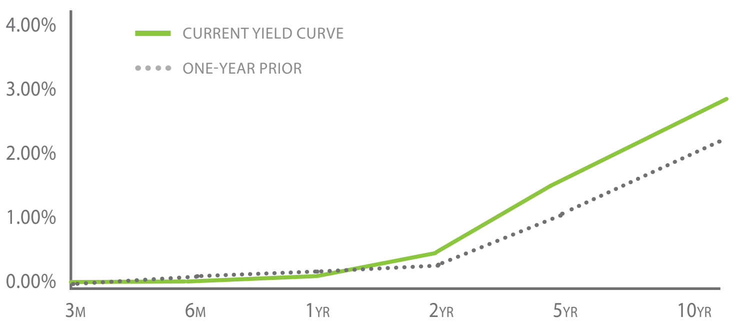
PRUDENT MAN ADVISORS MARKET UPDATE

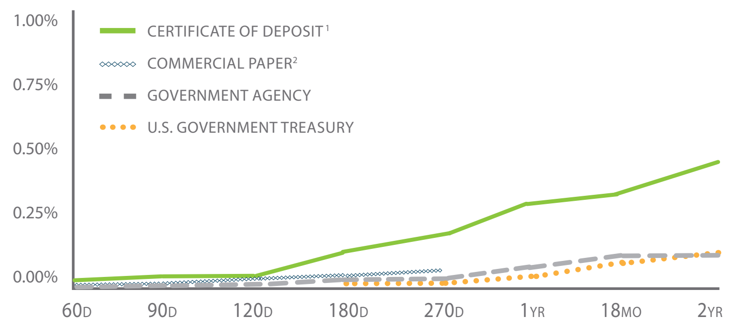
JUNE 2014

Historical Yield Curve



Source: Bloomberg Finance L.P., 5/1/14

Indicative Rates

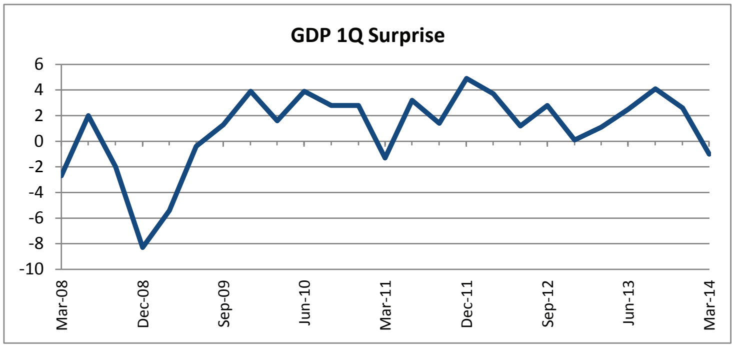


[1] Average of top ten banks; [2] General Electric Capital Corp.
Source: PMA Financial Network, Inc., Bloomberg Finance L.P., 5/1/14

FEATURED ECONOMIC INDICATOR

First Quarter GDP Revised Down

Real gross domestic product decreased at an annual rate of 1.0% in the first quarter according to the "second" estimate released by the Bureau of Economic Analysis. In the fourth quarter, real GDP increased 2.6 percent. The second GDP estimate is based on more complete source data than were available for the "advance" estimate which showed an increase of 0.1%. The decrease in the second estimate was caused by lower inventories partly offset by a revision up in final private domestic demand due to less negative business investment. Many economists believe that unusual weather contributed to the weak first quarter, but some data such as housing investment may not have been entirely weather related.
Source: Bureau of Economic Analysis



Source: Bloomberg

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Core CPI (MoM)	05/15/14	APR	0.1%	0.2%	0.2%
Core CPI (YoY)	05/15/14	APR	1.7%	1.8%	1.7%
New Home Sales	05/23/14	APR	425K	433K	407K (R)
Personal Spending	05/30/14	APR	0.2%	-0.1%	1.0% (R)
ISM Manufacturing	06/02/14	MAY	55.5	55.4	54.9
Domestic Vehicle Sales	06/03/14	MAY	12.67M	13.11M	12.65M
Initial Jobless Claims	06/05/14	31-May	310K	-	300K
Change in Nonfarm Payrolls	06/06/14	MAY	215K	-	288K
Unemployment Rate	06/06/14	MAY	6.4%	-	6.3%

Source: Bloomberg Finance L.P., 5/2/14

RECENT NEWS

U.S. Treasury Rates Rise in Early June

U.S. Treasury yields rose in the past few weeks after the 10yr Treasury touched 2014 lows in late May. The sell-off continued the first week of June as strong U.S. economic data, including excellent May auto sales and a strong ISM manufacturing report, pushed Treasury prices lower. All of the largest auto companies saw strong sales in May that beat consensus expectations. The recent increase in Treasury yields follow a period of declining Treasury yields that was marked by rising investor expectations of further monetary stimulus by the European Central Bank (ECB). With Europe's recovery lagging the rest of the developed world and inflation running below target, the ECB unveiled new measures on June 5th to take one of its main interest rates below zero. Despite the unprecedented action, U.S. Treasury yields have resisted moving back to their previous lows seen in May.
Source: Bloomberg

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