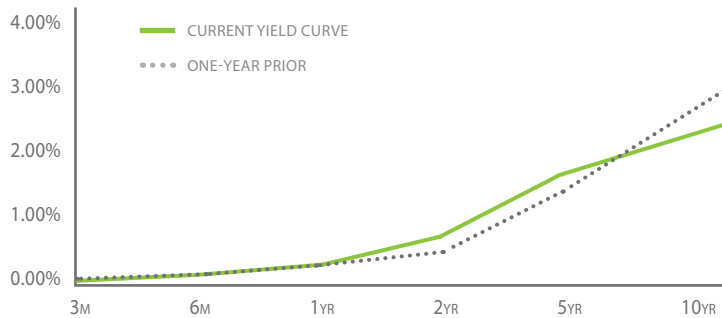


PRUDENT MAN ADVISORS MARKET UPDATE

NOVEMBER 2014

Historical Yield Curve



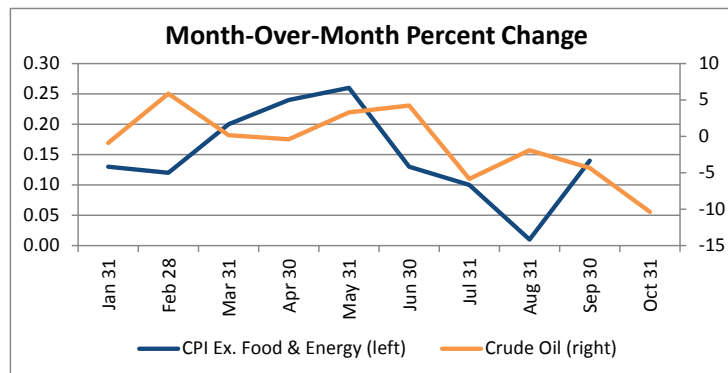
Source: Bloomberg Finance L.P., 11/3/14

FEATURED ECONOMIC INDICATOR

Inflation Below Fed's Target

Inflation remains below the Fed's target and a change in the Federal Open Market Committee's October statement shows that the committee is watching this risk closely. New language in the statement said inflation will likely be held down in the near term by "energy prices and other factors." The graph below shows inflation excluding the more volatile food and energy prices compared to monthly changes in the price of crude oil. Even though energy is excluded from the Fed's preferred inflation measure, energy's importance to the economy causes it to impact other prices. The reference to "other factors" affecting inflation likely refers to deflationary concerns in Europe and Japan.

Source: Bloomberg, www.federalreserve.gov



Source: Bloomberg

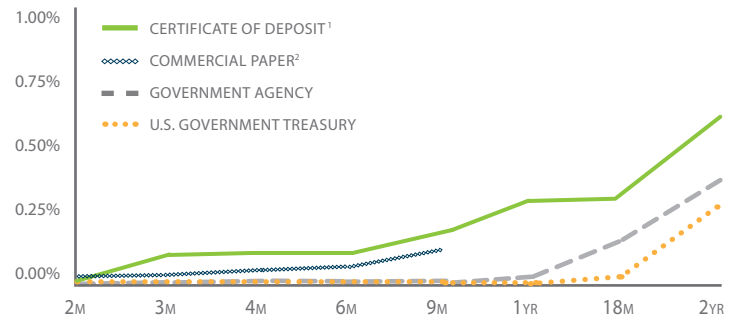
RECENT NEWS

What Is The Fed To Do?

The Federal Open Market Committee (FOMC) found itself caught between competing interests as it formally ended Quantitative Easing at its October meeting. The statement from the FOMC following their meeting acknowledged improving employment by stating, "underutilization of labor resources is gradually diminishing." Meanwhile, inflation, which represents the second half of the Fed's dual mandate, has been low. Notably, though, the Fed continued to indicate that it does not see a risk of inflation running persistently low. Together, the language about employment and inflation has been viewed by the market as more hawkish than expected. Tempering this was the Fed's decision to maintain its stance that it does not expect to increase rates for a "considerable time." Other language in the statement provides the Fed considerable flexibility to tighten policy sooner or later than anticipated depending on progress towards the Fed's employment and inflation objectives.

Source: www.federalreserve.gov

Indicative Rates



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

Source: PMA Financial Network, Inc., Bloomberg Finance L.P., 10/28/14

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Durable Goods Orders Ex. Transportation (MoM)	10/28/14	SEP	0.5%	-0.2%	0.7% (R)
S&P Case-Shiller Composite-20 (MoM)	10/28/14	AUG	0.20%	-0.15%	-0.50%
Consumer Confidence	10/28/14	OCT	87.0	94.5	89.0 (R)
GDP Annualized (QoQ)	10/30/14	3Q A	3.0%	3.5%	4.6%
Personal Income	10/31/14	SEP	0.3%	0.2%	0.3%
Personal Spending	10/31/14	SEP	0.1%	-0.2%	0.5%
Initial Jobless Claims	11/06/14	NOV 1	285.0	-	287.0
Change in Nonfarm Payrolls	11/07/14	OCT	234.0	-	248.0
Unemployment Rate	11/07/14	OCT	5.9%	-	5.9%

Source: Bloomberg Finance L.P., 11/3/14

Contact Information

JOHN H. HUBER, CFA

Senior Vice President, Chief Investment Officer

Prudent Man Advisors, Inc.
2135 CityGate Lane, 7th Floor
Naperville, IL 60563

Tel: 630.657.6510

Fax: 630.718.8701

Email: jhuber@pmanetwork.com

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