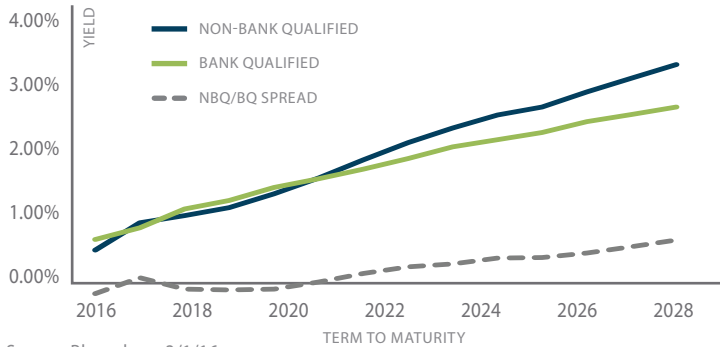


PUBLIC FINANCE MARKET UPDATE

Prepared by PMA Securities, Inc.

MARCH 2016

BQ vs. Non-BQ (Aa1/AA+)



Source: Bloomberg 3/1/16

RECENT NEWS

Relative Value in the Municipal Market

The graph directly above shows the relative value of Bank-Qualified rates over Non Bank-Qualified rates. The two bond issues reflected in this graph show the benefit increasing on the long end of the yield curve after approximately six years. The first five years of the yield curve show minimal, if any, benefit for Bank-Qualified rates. The above-right graph shows the relative value of credit strength. Again, the benefit of credit strength is realized most significantly on the long end of the yield curve and less on the short end. Overall, interest rates in the municipal market remain at historic lows. While there has been a slight increase in interest rates recently, various economic factors including oil prices and China's economy have moved investors to safer investments like municipal bonds.

Source: PMA Securities, Inc., Bloomberg

FEATURED ECONOMIC INDICATOR

Manufacturing Shows Improvement

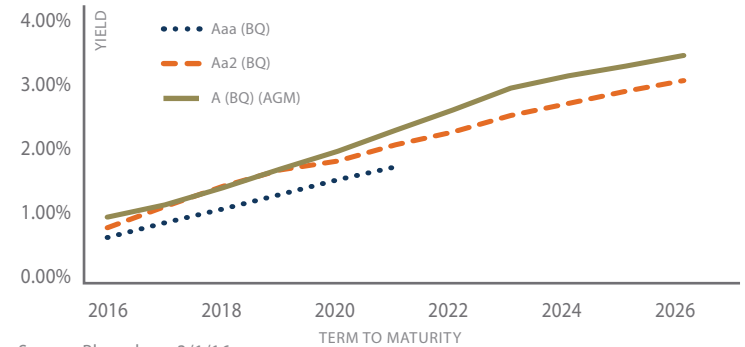
The Institute for Supply Management's index climbed to 49.5 in February. This is the highest level since September, spanning a period marked by several headwinds for U.S. manufacturers. The reading remains below 50 so it still represents contraction, but some underlying factors are improving. For the first time since August, at least half of industries included in the index expanded. Also, the new orders gauge, which is a component of the index, remained steady for the month at 51.5. Export orders remain an area of weakness as this measure decreased to 46.5.

Source: Wall Street Journal, Bloomberg



Source: Bloomberg

AAA vs. AA vs. A (BQ)



Source: Bloomberg 3/1/16

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Consumer Price Index (MoM)	02/19/16	JAN	-0.1%	0.0%	-0.1%
Core CPI (YoY)	02/19/16	JAN	2.1%	2.2%	2.1%
S&P Case-Shiller Composite Home Price Index (YoY)	02/23/16	DEC	5.80%	5.74%	5.74% (R)
Consumer Confidence	02/23/16	FEB	97.2	92.2	97.8 (R)
GDP Annualized (QoQ)	02/26/16	4Q S	0.4%	1.0%	0.7%
Personal Income (MoM)	02/26/16	JAN	0.4%	0.5%	0.3%
Personal Spending (MoM)	02/26/16	JAN	0.3%	0.5%	0.1% (R)
Change in Nonfarm Payrolls	03/04/16	FEB	195K	--	151K
Unemployment Rate	03/04/16	FEB	4.9%	--	4.9%

Source: Bloomberg Finance L.P., 3/1/16

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