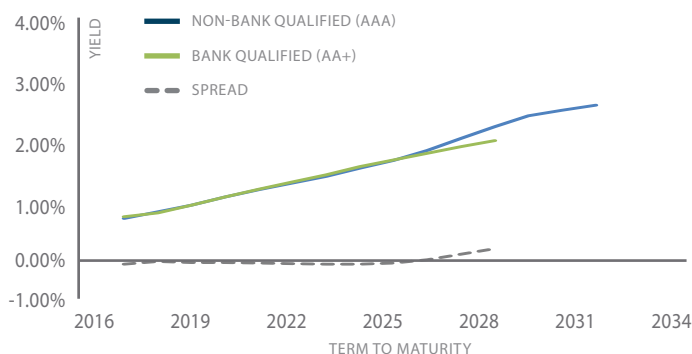


PUBLIC FINANCE MARKET UPDATE

Prepared by PMA Securities, Inc.

MAY 2016

BQ (AA+) vs. Non-BQ (AAA)



Source: Bloomberg 5/2/16

RECENT NEWS

BQ Benefit and Illinois Premium

The top left graph shows the relationship between Bank-Qualified (BQ) rates and Non Bank-Qualified (NBQ) rates. Though the graph is comparing a AAA rated NBQ issue to a AA+ rated BQ issue, it still shows that the BQ benefit takes place on the longer end of the yield curve. The second graph, top right, compares a AA rated Illinois bond issue with a Aa2 rated Wisconsin issuer to reflect the premium Illinois issuers must pay as a result of the financial obstacles facing the State of Illinois. In this particular case, the penalty paid by the Illinois issuer, after accounting for the change in MMD on the different sale dates, is 0.57%.

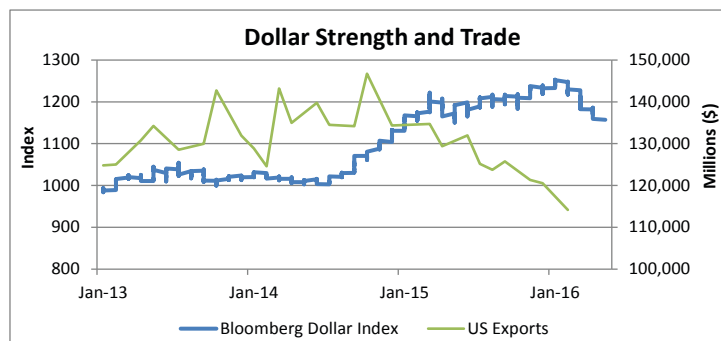
Source: PMA Securities, Inc., Bloomberg

FEATURED ECONOMIC INDICATOR

Strong Dollar Hurts Trade

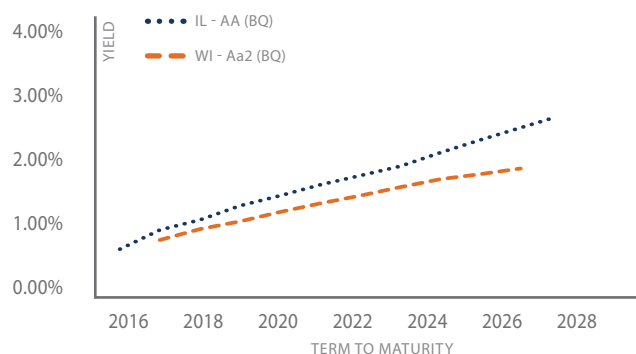
The chart below depicts the inverse relationship between the strength of the dollar and U.S. exports. As the dollar continued to strengthen against a basket of world currencies during 2015, U.S. exports declined. Exporters have trouble competing with countries with weaker currencies and lower prices for goods. In addition, foreign customers cannot afford to buy as many U.S. goods. A recent slide in the dollar could help U.S. exporters in 2016, but further increases in interest rates by the Federal Reserve could cause the dollar to rally.

Source: The Washington Post, Prudent Man Advisors



Source: Bloomberg

Illinois Premium



Source: Bloomberg 5/2/16

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Housing Starts (MoM)	04/19/16	MAR	1.1%	-8.8%	6.9% (R)
Existing Home Sales (MoM)	04/20/16	MAR	3.9%	5.1%	-7.3% (R)
Durable Goods Orders Ex. Transportation (MoM)	04/26/16	MAR	0.5%	-0.2%	-1.3%
Consumer Confidence	04/26/16	APR	95.8	94.2	96.1 (R)
GDP Annualized (QoQ)	04/28/16	1Q A	0.7%	0.5%	1.4%
Personal Income (MoM)	04/29/16	MAR	0.3%	0.4%	0.1% (R)
Personal Spending (MoM)	04/29/16	MAR	0.2%	0.1%	0.2% (R)
Change in Nonfarm Payrolls	05/06/16	APR	195K	--	195K
Unemployment Rate	05/06/16	APR	4.9%	--	5.0%

Source: Bloomberg Finance L.P., 5/2/16

Contact Information

ROBERT E. LEWIS

Senior Vice President, Managing Director—Public Finance
 630.657.6445 | rlewis@pmanetwork.com

TAMMIE S. BECKWITH SCHALLMO

Senior Vice President, Managing Director—Public Finance
 630.657.6446 | tammie@pmanetwork.com

ANDREW KIM

Director—Public Finance
 630.657.6449 | akim@pmanetwork.com

PMA Securities, Inc. | 2135 CityGate Lane, 7th Floor | Naperville, IL 60563

This document was prepared by Prudent Man Advisors, Inc. for clients of the firm and its affiliated PMA entities, as defined below. It is being provided for informational and/or educational purposes only without regard to any particular user's investment objectives, financial situation or means. The content of this document is not to be construed as a recommendation, solicitation or offer to buy or sell any security, financial product or instrument, or to participate in any particular trading strategy in any jurisdiction in which such an offer or solicitation, or trading strategy would be illegal. Nor does it constitute any legal, tax, accounting or investment advice of services regarding the suitability or profitability of any security or investment. Although the information contained in this document has been obtained from third-party sources believed to be reliable, PMA cannot guarantee the accuracy or completeness of such information. It is understood that PMA is not responsible for any errors or omissions in the content in this document and the information is being provided to you on an "as is" basis without warranties or representations of any kind.

Securities, public finance services and institutional brokerage services are offered through PMA Securities, Inc. PMA Securities, Inc. is a broker-dealer and municipal advisor registered with the SEC and MSRB, and is a member of FINRA and SIPC. Prudent Man Advisors, Inc., an SEC registered investment adviser, provides investment advisory services to local government investment pools and separate accounts. All other products and services are provided by PMA Financial Network, Inc. PMA Financial Network, Inc., PMA Securities, Inc. and Prudent Man Advisors (collectively "PMA") are under common ownership.

Securities and public finance services offered through PMA Securities, Inc. are available in CA, CO, FL, GA, IL, IN, IA, KS, MI, MN, MO, NE, OH, OK, PA, SD, TX and WI. This document is not an offer of services available in any state other than those listed above, has been prepared for informational and educational purposes and does not constitute a solicitation to purchase or sell securities, which may be done only after client suitability is reviewed and determined. All investments mentioned herein may have varying levels of risk, and may not be suitable for every investor. PMA and its employees do not offer tax or legal advice. Individuals and organizations should consult with their own tax and/or legal advisors before making any tax or legal related investment decisions. Additional information is available upon request.