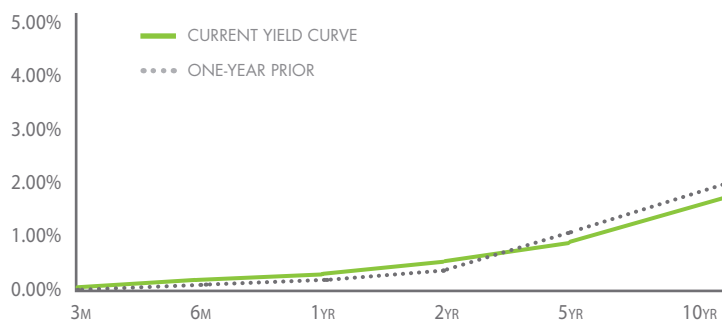


PMA MARKET UPDATE



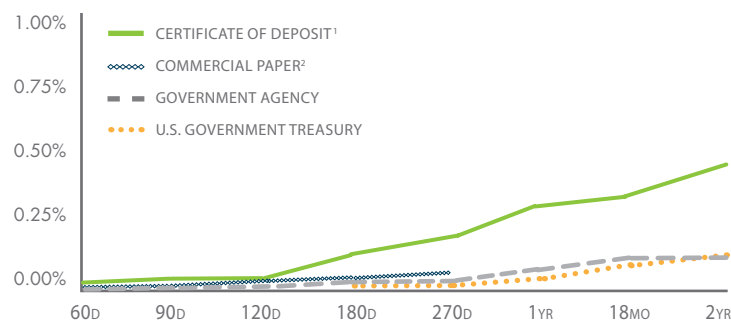
FEBRUARY 2013

Historical Yield Curve



Source: Bloomberg Finance L.P., 2/1/13

Indicative Rates



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

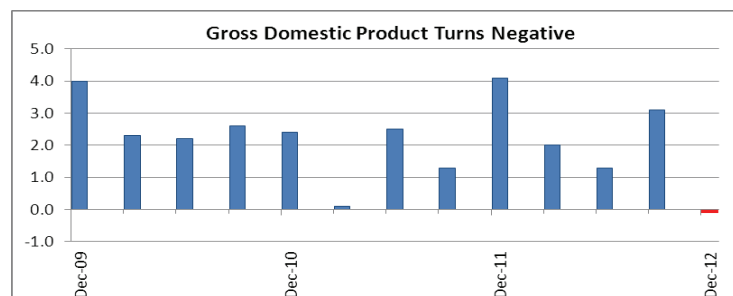
Source: PMA Financial Network, Inc., Bloomberg Finance L.P., 2/1/13

FEATURED ECONOMIC INDICATOR

Gross Domestic Product

Real Gross Domestic Product (GDP) decreased at an annual rate of 0.1% in the fourth quarter of 2012 according to the "advance" estimate released by the Bureau of Economic Analysis. The decrease in real GDP primarily reflected negative contributions from private inventory investment, federal government spending and exports that were partly offset by positive contributions from personal consumption expenditures and real estate investment. Federal government spending decreased 15% in the fourth quarter, which included a 22% decrease in national defense spending. Personal consumption expenditures increased 2.2% due mostly to a nearly 14% increase in purchases of durable goods.

Sources: Bureau of Economic Analysis



Source: Bloomberg

RECENT NEWS

Slow Growth in Consumer Prices

The Consumer Price Index rose only 1.7% in 2012. It was the third smallest December-December increase of the past ten years and compares to a 2.4% average annual increase over the time period. Food and energy price growth decelerated sharply from 2011 growth levels. The core index, which excludes volatile food and energy, rose 1.9% after a 2.2% increase in 2011. The 2012 level matches the average annual increase over the past ten years. Several indexes including apparel, new and used vehicles, medical care, airline fares and recreation all decelerated in 2012 compared to 2011. The low core index speaks to weak pricing power for retailers and manufacturers. Price increases will probably remain low as retailers extend discounts to battle weak demand.

Sources: Bureau of Labor Statistics, Bloomberg

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Advance Retail Sales	01/15/13	DEC	0.2%	0.5%	0.4% (R)
Producer Price Index (YoY)	01/15/13	DEC	1.4%	1.3%	1.5%
Consumer Price Index (YoY)	01/16/13	DEC	1.8%	1.7%	1.8%
Existing Home Sales (MoM)	01/22/13	DEC	1.2%	-1.0%	4.8% (R)
Durable Goods Orders Ex. Transportation (MoM)	01/28/13	DEC	0.8%	1.3%	1.2% (R)
Consumer Confidence	01/29/13	JAN	64.0	58.6	66.7 (R)
GDP (QoQ)	01/30/13	4Q A	1.1%	-0.1%	3.1%
Unemployment Rate	02/01/13	JAN	7.8%	7.9%	7.8%
ISM Manufacturing	02/01/13	DEC	50.7	53.1	50.2 (R)

Source: Bloomberg Finance L.P., 2/1/13

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