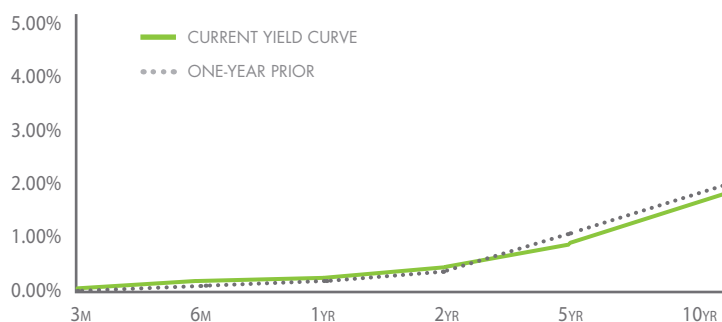


PMA MARKET UPDATE



JANUARY 2013

Historical Yield Curve



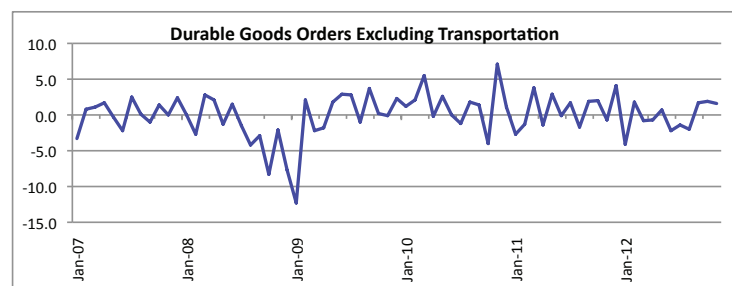
Source: Bloomberg Finance L.P., 1/2/13

FEATURED ECONOMIC INDICATOR

Orders and Manufacturing Growth

New orders for manufactured durable goods in November increased 0.7 percent. This increase, up six of the last seven months, followed a 1.1 percent October increase. Excluding more volatile transportation, new orders increased 1.6 percent. Growth in durable goods orders and orders excluding transportation exceeded analyst expectations in November. The ISM Manufacturing index increased to 50.7 in December. This report also exceeded analysts' expectations and returned the index to growth territory following a weaker October report.

Sources: U.S. Census Bureau, Bloomberg



Source: Bloomberg

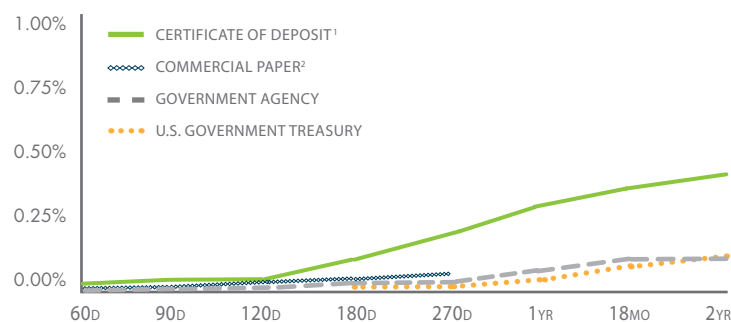
RECENT NEWS

Fiscal Cliff Averted, For Now

The budget deal reached on January 1 reinstated income tax cuts for most workers and delayed previously agreed to spending cuts known as sequestration for two months. However, a two percentage point payroll tax was allowed to expire. This combined with higher income taxes for households earning more than \$450,000 is expected to reduce growth in the first quarter to 1 percent from 3.1 percent in 2012's third quarter according to economists at JPMorgan Chase & Co. and Bank of America Corp. Moody's also responded to the deal on January 3 by stating that the agreement didn't do enough to reduce the country's deficit. Moody's said it could downgrade U.S. debt if further measures to reduce debt levels are not implemented. The political battles over how to reduce debt are expected to intensify near the end of February when the U.S. Treasury is expected to be unable to pay its bills unless Congress boosts the federal borrowing limit.

Sources: Bloomberg, Wall Street Journal

Indicative Rates



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

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

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Current Account Balance	12/18/12	OCT			-\$118.1B (R)
Building Permits (annual.)	12/19/12	NOV	875K	899K	868K (R)
Existing Home Sales (MoM)	12/20/12	NOV	2.3%	5.9%	1.5% (R)
Durable Goods Orders Ex. Transportation (MoM)	12/21/12	NOV	-0.2%	1.6%	1.9% (R)
S&P Case-Shiller Composite-20 (YoY)	12/26/12	OCT	4.00%	4.31%	2.97% (R)
ISM Manufacturing	01/02/13	DEC	50.5	50.7	49.5
Initial Jobless Claims	01/03/13	DEC 29	360K	372K	362K (R)
Change in Nonfarm Payrolls	01/04/13	DEC	151K	-	146K
Unemployment Rate	01/04/13	DEC	7.7%	-	7.7%

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

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