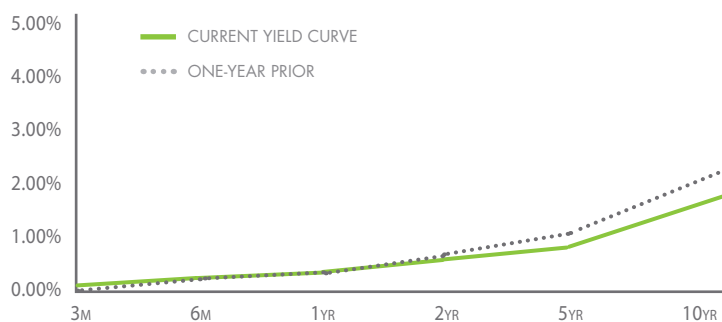


PMA MARKET UPDATE



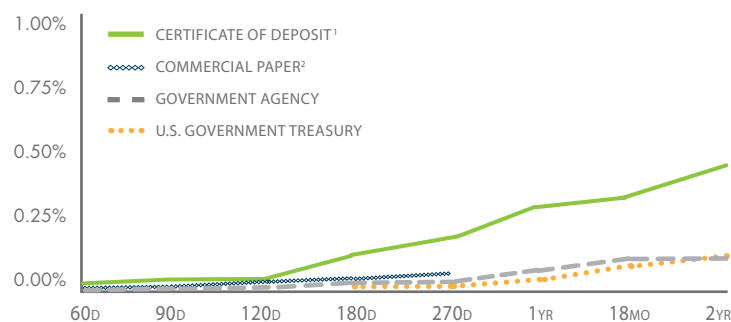
MAY 2013

Historical Yield Curve



Source: Bloomberg Finance L.P., 5/1/13

Indicative Rates



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

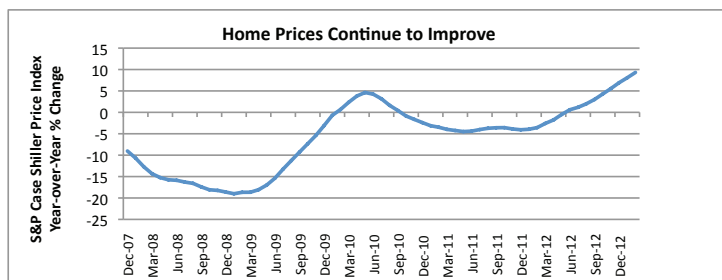
Source: PMA Financial Network, Inc., Bloomberg Finance L.P., 5/1/13

FEATURED ECONOMIC INDICATOR

Home Prices Rise

Housing prices posted strong gains in February as half of cities in the S&P Case-Shiller Index saw double digit year-over-year increases. In total, the Index increased 9.3% for the 12 months ending in February 2013 as all 20 cities posted year-over-year gains. The rebound is closely tied to the Federal Reserve's bond buying programs. The programs have helped reduce mortgage rates, which increases home affordability. Some are concerned that the Fed is helping prices rise too fast. "We are encouraging people to buy an asset that, when [mortgage] rates go back to 6% to 8%, will look a bit overpriced," said Stan Humphries, chief economist at Zillow, the real estate website. The Fed's policies may also be contributing to more homes being purchased by investors who could be pushing up prices for traditional buyers.

Source: S&P Dow Jones Indices, Wall Street Journal



Source: Bloomberg

RECENT NEWS

Federal Reserve Meeting

The news from the May 1 meeting is that the Federal Reserve said it is "prepared to increase or reduce the pace of its purchases" as economic outlook changes. Today's statement highlights the potential for the Fed to increase its bond buying above the current level of \$85 billion per month if the economy weakens. This contrasts with the March meeting when the Fed was discussing the timing for a reduction in purchases. Opinions of policy makers continue to vary as some within the Fed are concerned about low inflation while others see risks of future economic and financial balances caused by bond purchases.

Source: Bloomberg

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Consumer Price Index (YoY)	04/16/13	MAR	1.6%	1.5%	2.0%
Existing Home Sales	04/22/13	MAR	5.00M	4.92M	4.95M (R)
Durable Goods Orders Ex. Transportation (MoM)	04/24/13	MAR	0.5%	-1.4%	-1.7% (R)
GDP (QoQ)	04/26/13	1Q A	3.0%	2.5%	0.4% (R)
Consumer Confidence	04/30/13	APR	61.0	68.1	61.9 (R)
ISM Manufacturing	05/01/13	APR	50.5	50.7	51.3
Initial Jobless Claims	05/02/13	ARP 27	345K	324K	342K (R)
Change in Nonfarm Payrolls	05/02/13	APR	140K	165K	138K (R)
Unemployment Rate	05/02/13	APR	7.6%	7.5%	7.6% (R)

Source: Bloomberg Finance L.P., 5/1/13

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