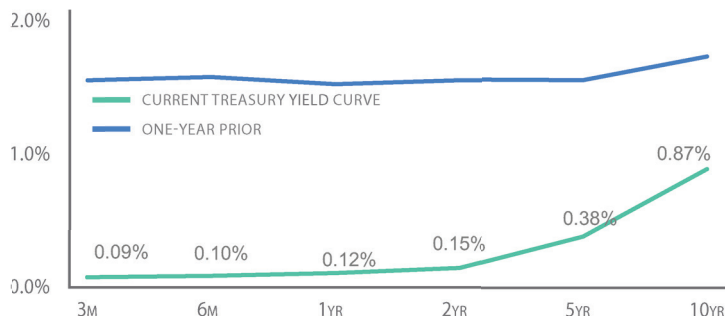
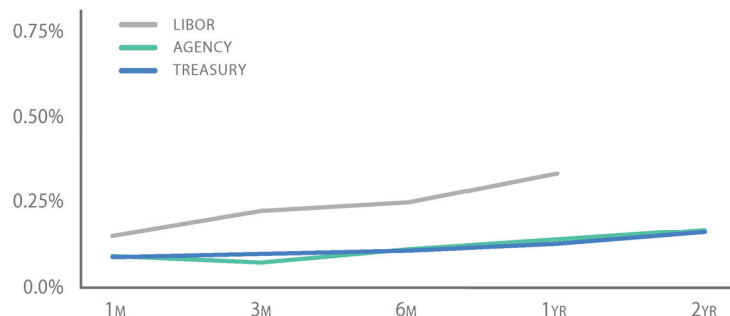


Historical Treasury Yield Curve



Source: Bloomberg Finance L.P. 10/31/20

Market Yields



Source: Bloomberg Finance L.P. 10/31/20

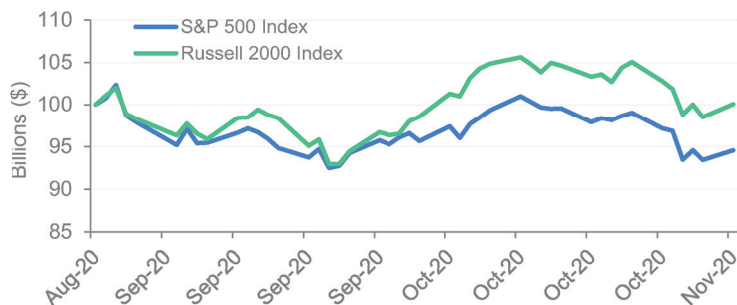
FEATURED MARKET DATA

Markets Loathe Uncertainty

U.S. stocks as measured by the S&P 500 index declined for the second consecutive month in October. Market volatility has been heightened based on rising Covid-19 cases domestically and abroad, negotiations for additional fiscal stimulus, and uncertainty surrounding the U.S. election. The S&P 500 declined 3.80% and 2.66% in September and October, respectively. The largest question regarding the election is the timing of its conclusion, though the outcomes in Senate races will also impact policy and markets. In the event that markets become stressed in the coming days and weeks, the Fed remains well-equipped to provide markets with additional support and liquidity. We also believe a new fiscal stimulus package is likely regardless of the election outcome.

Sources: Financial Times, Bloomberg, PMA Asset Management

VOLATILE TWO MONTHS FOR STOCKS



Source: Bloomberg

RECENT NEWS

Stocks and Bonds Down in October

Stock and bond prices both declined in October. Typically, these asset classes move in opposite directions, but in periods of volatility, we have seen markets behave in an unexpected manner. If taken at face value, these market moves may be foreshadowing near-term risks for earnings and a brighter economic outlook in future years. The yield on the 10-year US Treasury increased 19 basis points in October, which normally indicates stronger expectations for future economic growth rates. Small cap stocks, as represented by the Russell 2000 index, represented a bright spot in equity markets for the month.

Source: Bloomberg

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Consumer Price Index (YoY)	10/13/20	SEP	1.4%	1.4%	1.3%
Core CPI (YoY)	10/13/20	SEP	1.7%	1.7%	1.7%
Retail Sales Ex. Auto (MoM)	10/16/20	SEP	0.4%	1.5%	0.5% (R)
Durable Goods Orders Ex. Transportation (MoM)	10/27/20	SEP	0.4%	0.8%	1.0% (R)
Consumer Confidence	10/27/20	OCT	102.0	100.9	101.3 (R)
Core PCE (YoY)	10/30/20	SEP	1.7%	1.5%	1.4% (R)
ISM Manufacturing	11/02/20	OCT	56.0	59.3	55.4
Change in Nonfarm Payrolls	11/06/20	OCT	700K	--	877K
Unemployment Rate	11/06/20	OCT	7.6%	--	7.9%

Source: Bloomberg Finance L.P. 11/2/20. Glossary terms on page 2.

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Glossary of Terms

Term	What is it:
Building Permits	Records the number of permits for future housing construction.
Capacity Utilization	Tracks the extent to which capacity is being used in the production of goods and services.
Change in Nonfarm Payrolls	This indicator measures the change in the number of employees on business and government payrolls.
Chicago Fed National Activity Index	A nationwide measure of economic activity and inflation pressures. An index value of zero indicates that the national economy is expanding at its historical trend rate of growth.
Consumer Confidence	Index examines how consumers feel about jobs, the economy and spending.
Consumer Price Index (CPI)	Measures the average change in retail prices over time for a basket consisting of more than 200 categories of assorted goods and services paid directly by consumers.
Core Consumer Price Index (Core CPI)	This measure of CPI excludes food and energy costs.
Durable Goods Orders	A measure of new orders placed with domestic manufacturers for durable goods, which are items that last three years or more.
Existing Home Sales	Measures monthly sales of previously owned single-family homes.
GDP Annualized QoQ	Measures the annualized quarterly growth of the final market value of all goods and services produced within a country. GDP is the foremost report on how fast or slow the economy is growing.
Housing Starts	Records the number of new housing units started during a period.
Index of Leading Economic Indicators (LEI)	An index designed to predict the direction of the economy.
Initial Jobless Claims	Tracks new filings for unemployment insurance benefits.
ISM Manufacturing	Measures manufacturing activity based on a monthly survey of purchasing managers.
MBA Mortgage Applications	The Mortgage Bankers Association's weekly mortgage application survey includes home loan application activity for conventional and government loans for home purchases and refinances.
Mortgage Delinquencies	A measure of the percent of total conventional and government loans which are at least one payment past due, but not in the process of foreclosure.
Personal Consumption Expenditure (PCE)	The Federal Reserve's preferred measure of inflation tracks overall price changes for goods and services. Core PCE excludes food and energy.
Personal Income and Spending	Index records the income Americans receive, how much they spend, and what they save.
Retail Sales	Tracks the sale of new and used goods for personal or household consumption.
Retail Sales Ex. Auto	Retail sales excluding motor vehicles and parts.
S&P Case-Shiller Home Price Index	Tracks the value of single-family housing within the U.S. There are multiple indexes including the 20-City Composite.
Unemployment Rate	The U-3 unemployment rates tracks the percentage of the civilian workforce that is unemployed.

Source: Bloomberg, The Secrets of Economic Indicators by Bernard Baumohl; PMA Asset Management, LLC

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