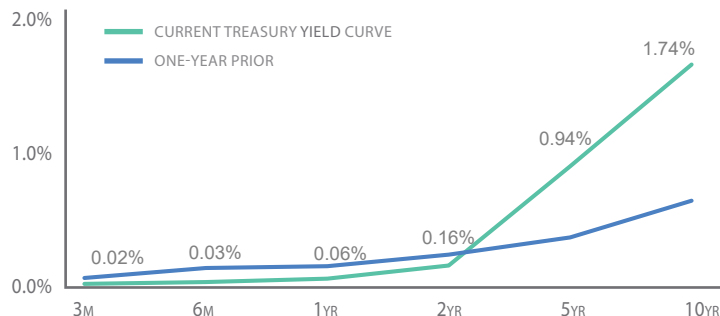
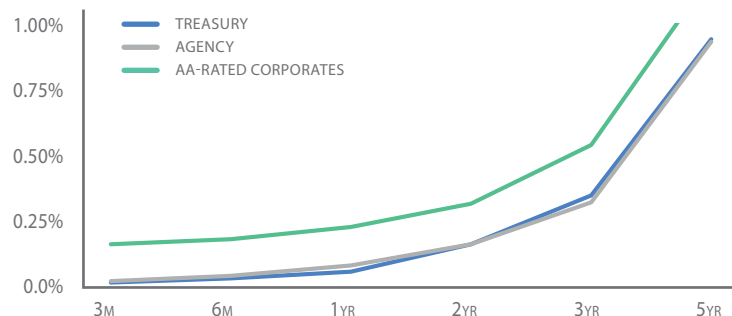


Historical Treasury Yield Curve



Source: Bloomberg Finance L.P. 3/31/21

Market Yields



Source: Bloomberg Finance L.P. 3/31/21

FEATURED MARKET DATA

Rally in Small vs. Large Cap Stocks

Small cap stocks surged by an astounding 90% in the twelve months ending March 31 and have significantly outperformed large cap stocks. Only part of this can be explained by recent outperformance of value stocks compared to growth stocks. The chart below compares the relative levels of value vs. growth stocks and small cap vs. large cap stocks. The chart shows how small caps struggled through 2019 and early in the pandemic but began rebounding in the fall on optimism around reopening and have returned to the relative levels of two years ago. Though small caps have slipped recently, value stocks and small caps both have room to continue leading markets.

Source: Bloomberg

Value vs. Growth and Small vs. Large



Large = IVV. Small = IWM. Growth = VUG. Value = VTV. Source: Bloomberg

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Core CPI (YoY)	03/10/21	FEB	1.4%	1.3%	1.4%
Core PPI (YoY)	03/10/21	FEB	2.6%	2.5%	2.0%
Core PCE (YoY)	03/26/21	FEB	1.5%	1.4%	1.5%
S&P Case Shiller 20-City Home Price Index (YoY)	03/30/21	JAN	11.20%	11.10%	10.17% (R)
Consumer Confidence	03/30/21	MAR	96.9	109.7	90.4 (R)
Initial Jobless Claims	04/01/21	Mar 27	675K	719K	658K (R)
ISM Manufacturing	04/01/21	MAR	61.5	64.7	60.8
Change in Nonfarm Payrolls	04/02/21	MAR	660K	916K	468K (R)

Source: Bloomberg Finance L.P. 4/2/21. Glossary terms on following page.

RECENT NEWS

Will Inflation Return?

Much attention has been given this year to the potential for significantly higher inflation. The list of reasons is long including a highly accommodative Federal Reserve, trillions of dollars in fiscal stimulus already passed by Congress, the President's newly proposed \$2.3 trillion infrastructure plan, progress on fighting the virus and economic reopening, and a stronger employment picture this year. While this is all true and should support an increase in inflation, in line with the Fed's stated goals, we do not believe inflation will rise meaningfully and persistently above the Fed's 2% target. Low global inflation, labor market slack in most countries, and excess global supply should keep a lid on U.S. inflation.

Source: Bloomberg

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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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