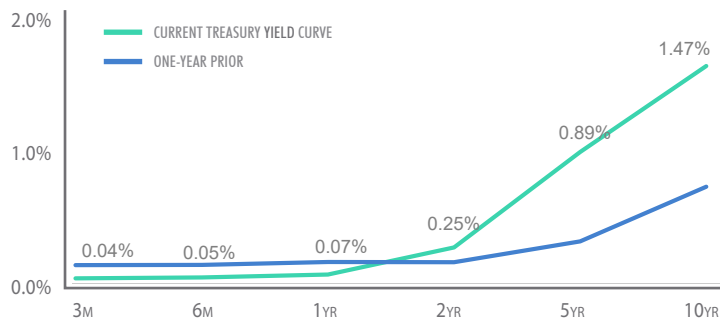
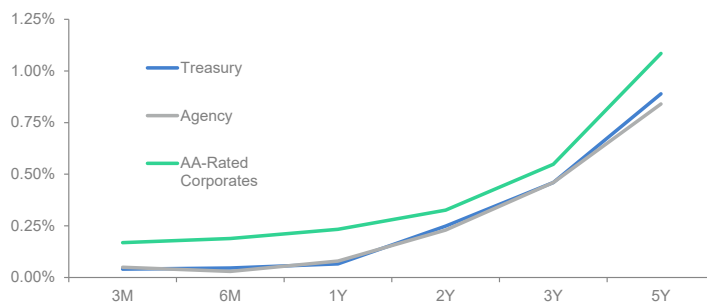


Historical Treasury Yield Curve



Source: Bloomberg Finance L.P. 6/30/21

Market Yields



Source: Bloomberg Finance L.P. 6/30/21

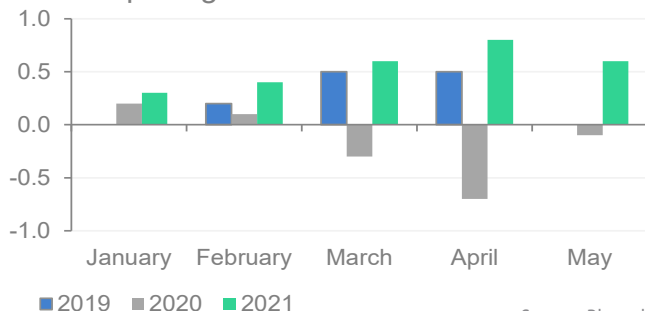
FEATURED MARKET DATA

Is Inflation Transitory?

It seems inflation is on everyone's mind. Consumers are seeing prices rise most everywhere – from the gas pump, to the grocery store and home prices. Year-to-date, CPI has risen 3.3% in 2021 compared to 1.2% in 2019 and -0.8% in 2020. Many members of the Federal Reserve are also talking about inflation risks. The base case for most economists is that rising inflation is transitory and related to supply-chain bottlenecks and low prior year comparables. Nonetheless, markets are watching closely as reopening strains and elevated demand may persist longer than anticipated. If higher prices get built into consumers' expectations, this may add to the upward trend in wage growth.

Source: Bloomberg, Wall Street Journal

Inflation Outpacing Past Two Years



Source: Bloomberg

RECENT NEWS

Markets Moving

While summer is typically a quiet time for markets, bonds and stocks prices were moving in June. A more hawkish tone from the Fed in its June meeting was a large driver of price movement. The Fed signaled an earlier liftoff in 2023 compared to its prior 2024 forecast. This change in expectations along with technical shifts in Fed policy helped move 3-month and 1-year Treasury yields somewhat higher. 10-year Treasury yields declined 12 basis points for the month as investors showed more caution about growth expectations and inflation fears eased. In stock markets, the S&P 500 climbed for the 5th straight month as volatility declined. By historical comparison, volatility remains elevated signaling investors' concerns that risks remain.

Source: Bloomberg, Wall Street Journal

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Retail Sales Ex. Auto (MoM)	06/15/21	MAY	0.4%	-0.7%	0.0% (R)
Building Permits	06/16/21	MAY	1,730K	1,681K	1,733K (R)
Chicago Fed National Activity Index	06/21/21	MAY	0.70	0.29	-0.09
Existing Home Sales	06/22/21	MAY	5.73m	5.80m	5.85m
Durables Ex. Transportation	06/24/21	MAY	0.7%	0.3%	1.7% (R)
S&P Case Shiller 20-City Home Price Index (YoY)	06/29/21	APR	14.70%	14.88%	13.36% (R)
ISM Manufacturing	07/01/21	JUN	60.9	60.6	61.2
Change in Nonfarm Payrolls	07/02/21	JUN	720K	850K	583K (R)
Unemployment Rate	07/02/21	JUN	5.6%	5.9%	5.8%

Source: Bloomberg Finance L.P. 7/2/21. Glossary terms on following page.

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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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