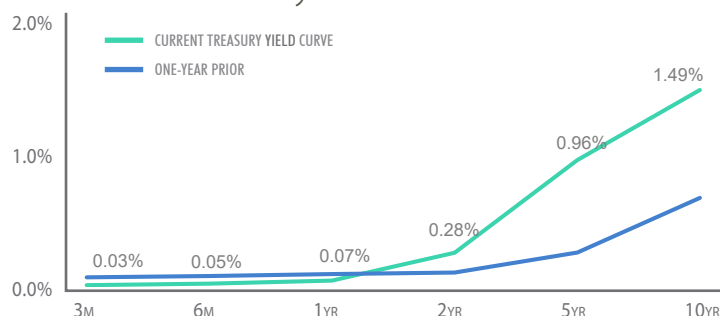


Historical Treasury Yield Curve



Source: Bloomberg Finance L.P. 9/30/21

Market Yields



Source: Bloomberg Finance L.P. 9/30/21

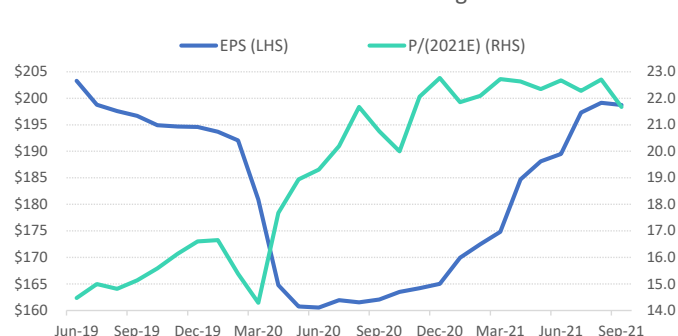
FEATURED MARKET DATA

Stock Valuations Level

U.S. equities fell in September with the S&P 500 index posting its first decline (-4.7%) since January (-1.0%). Factors that contributed to the weak performance included concerns around Fed tapering, the complex legislative environment, persistent supply constraints, rising energy costs and concerns about a potential default of Chinese property giant Evergrande. These dynamics also drove stagflation worries, a pickup in company profit warnings and concerns for weakness in third quarter earnings. That said, corporate earnings remain solid. According to FactSet, second quarter company earnings reported in July and August were mostly positive with the S&P 500 earnings up more than 90% year-over-year, near record levels. In terms of valuation, stocks on the S&P 500 index are now trading at a multiple of 22 times forward earnings, above the 20-year average of 16 times forward earnings.

Source: FactSet

Estimates for 2021 S&P 500 Earnings Over Time



Source: Bloomberg

RECENT NEWS

Fed Turns Slightly Hawkish

If the Fed sounded less dovish at its June meeting, it is fair to call the tone in September slightly hawkish. The Fed all but confirmed its plans to begin tapering its balance sheet in November. In addition, the median forecast for the Fed Funds rate showed a possible rate hike in 2022 and a rate near 1.00% by the end of 2023. The September meeting provided the first look at 2024 projections and additional rate hikes were projected. The Fed also updated its projections for GDP growth, employment and inflation. In line with other economists' projections, the Fed sees lower growth in 2021 compared to its June forecast. More notably, the Fed raised inflation projections for 2021-2023 and expects inflation to remain above 2.0% through 2024.

Source: PMA Asset Management, www.federalreserve.gov

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Consumer Price Index (MoM)	09/14/21	AUG	0.4%	0.3%	0.5%
Consumer Price Index (YoY)	09/14/21	AUG	5.3%	5.3%	5.4%
Retail Sales Ex. Auto (MoM)	09/16/21	AUG	0.0%	2.0%	-1.4% (R)
Chicago Fed National Activity Index	09/23/21	AUG	0.50	0.29	0.75 (R)
Personal Income	10/01/21	AUG	0.2%	0.2%	1.1%
Personal Spending	10/01/21	AUG	0.7%	0.8%	0.3%
Core PCE (YoY)	10/01/21	AUG	3.5%	3.6%	3.6%
Change in Nonfarm Payrolls	10/08/21	SEP	500K	-	235K
Unemployment Rate	10/08/21	SEP	5.1%	-	5.2%

Source: Bloomberg Finance L.P. 9/30/21. 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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