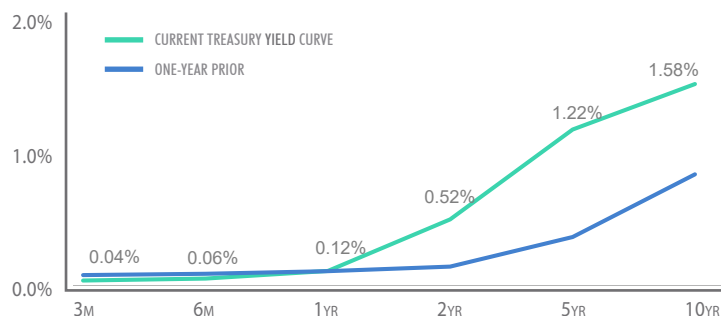


Historical Treasury Yield Curve



Source: Bloomberg Finance L.P. 10/31/21

Market Yields



Source: Bloomberg Finance L.P. 10/31/21

FEATURED MARKET DATA

Fed Expectations Pulled Forward

During October, markets priced in an earlier first rate hike by the Federal Reserve and a quicker initial path of hikes thereafter. Markets are pricing in at least two rate hikes in 2022 with the first in July. Rates in the 2-year to 5-year part of the Treasury yield curve rose abruptly as a result. Concerns about persistent inflation have pushed market expectations for higher policy rates ahead of the Fed's projections. These more aggressive market expectations have flattened the Treasury yield curve. The decrease in the 30-year bond yield is an important signal. The market sees a more aggressive Fed as reducing long-term inflation.

Source: Bloomberg

Treasury Rates (%)			
	10/29/21	09/30/21	Change
3 Month	0.05	0.03	0.02
1 Year	0.12	0.07	0.05
2 Year	0.5	0.28	0.22
3 Year	0.75	0.51	0.24
5 Year	1.18	0.97	0.21
10 Year	1.55	1.49	0.06
30 Year	1.93	2.05	-0.12

Source: Bloomberg

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Consumer Price Index (MoM)	10/13/21	SEP	0.3%	0.4%	0.3%
Consumer Price Index (YoY)	10/13/21	SEP	5.3%	5.4%	5.3%
Retail Sales Ex. Auto (MoM)	10/15/21	SEP	0.5%	0.8%	2.0% (R)
Chicago Fed National Activity Index	10/26/21	OCT	108.0	113.8	109.8 (R)
Personal Income	10/28/21	3Q A	2.6%	2.0%	6.7%
Personal Spending	10/29/21	SEP	-0.3%	-1.0%	0.2%
Core PCE (YoY)	10/29/21	SEP	0.6%	0.6%	1.0% (R)
Change in Nonfarm Payrolls	11/05/21	OCT	450K	-	194K
Unemployment Rate	11/05/21	OCT	4.7%	-	4.8%

Source: Bloomberg Finance L.P. 10/31/21. Glossary terms on following page.

RECENT NEWS

Equity Markets Rally

U.S. equities were higher in October, with the S&P 500 more than erasing its September slide and recording its strongest monthly return for the year. The Dow, S&P, and Nasdaq all ended October at record highs. U.S. third quarter GDP came in below expectations in the final week of the month, but markets had little reaction to this backward looking measure. Instead, third quarter earnings dominated markets. As expected, many companies referenced supply chain issues, input cost pressures and tight labor markets. At the same time, many companies pointed to higher demand, which helped support margins. Companies also discussed ongoing efforts to moderate supply chain challenges.

Source: Bloomberg FactSet

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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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