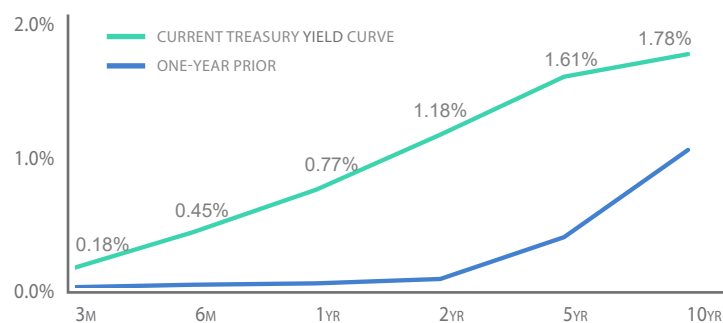


Historical Treasury Yield Curve



Source: Bloomberg Finance L.P. 1/31/21

Market Yields



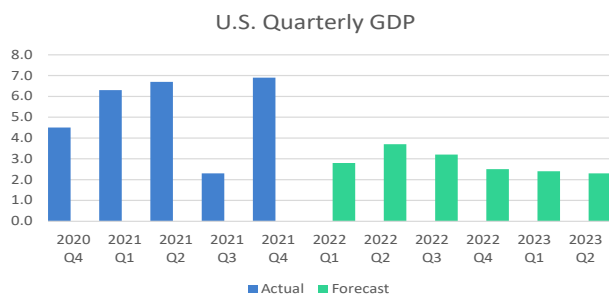
Source: Bloomberg Finance L.P. 1/31/21

FEATURED MARKET DATA

Economic Growth, Market Volatility

Economic data in January was largely in line with PMA's forecast and market performance reflected our assessment that volatility may be high this year. Our base forecast was for strong economic growth and persistent inflation in 2022. Given high valuations across asset classes, we projected bouts of market volatility (both up and down) as policy and economic events unfold. We see these trends continuing throughout this year and remind our clients of the importance of a disciplined approach to investing. The chart below shows the strong GDP growth experienced in 2021 and continued healthy growth forecast in a Bloomberg survey of economists. For markets, we saw stocks sell off 5.3% in January as interest rates rose and corporate spreads widened.

Sources: Bloomberg, PMA Asset Management



Source: Bloomberg

RECENT NEWS

Fed Liftoff Nears

At the Fed's January meeting, Federal Reserve Chairman Jerome Powell indicated the central bank was ready to raise rates as soon as its March meeting. Importantly, Mr. Powell said the Fed isn't likely to offer forward guidance on the pace of hikes as he stated, "I don't think it's possible to say exactly how this is going to go." This is warranted, given current uncertainty and opened the potential for hikes in consecutive meetings. The Fed has not raised rates in consecutive meetings since 2006. The central bank also approved one final round of asset purchases in March, but discussed plans to shrink the Fed's \$9 trillion securities portfolio, which unsettled markets.

Source: Wall Street Journal

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Consumer Price Index (YoY)	01/12/22	DEC	7.0%	7.0%	6.8%
Retail Sales Ex. Auto (MoM)	01/14/22	DEC	0.1%	-2.3%	0.1% (R)
Consumer Confidence	01/25/22	JAN	111.2	113.8	115.2 (R)
Personal Income	01/28/22	DEC	0.5%	0.3%	0.5% (R)
Personal Spending	01/28/22	DEC	-0.6%	-0.6%	0.4% (R)
Core PCE (YoY)	01/28/22	DEC	4.8%	4.9%	4.7%
ISM Manufacturing	02/01/22	JAN	57.5	57.6	58.8 (R)
Change in Nonfarm Payrolls	02/04/22	JAN	150K	-	199K
Unemployment Rate	02/04/22	JAN	3.9%	-	3.9%

Source: Bloomberg Finance L.P. 1/31/21. 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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