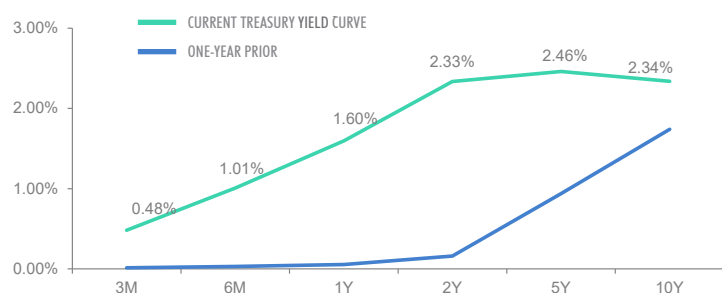
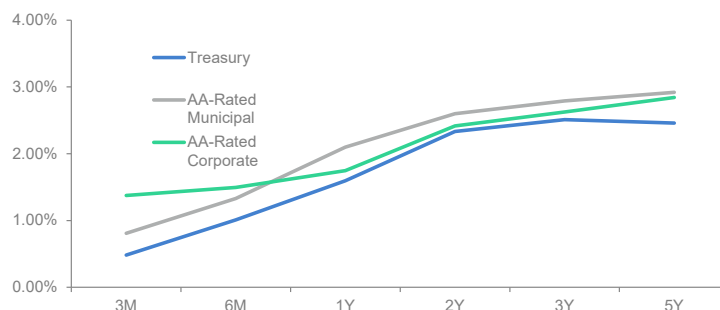


Historical Treasury Yield Curve



Source: Bloomberg Finance L.P. 03/31/22

Market Yields



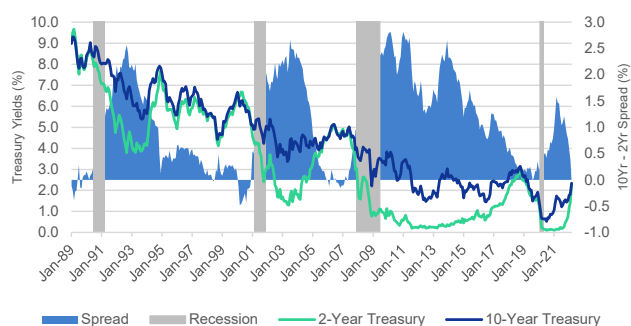
Source: Bloomberg Finance L.P. 03/31/22

FEATURED MARKET DATA

Yield Curve Signals

The yield on 10-year Treasuries briefly dipped below 2-year Treasuries on Tuesday, March 29. When this inversion of the yield curve occurs for a sustained period of time, a recession has consistently followed in the next two years. This part of the yield curve has been a good signal of recessions because 2-year Treasury yields reflect fed funds rate expectations, and the 10-year moves with growth and inflation expectations. In the past, Fed rate hikes have reduced consumer spending and business activity, resulting in lower 10-year yields and eventually a recession. Mixed signals from the bond market suggest "this time might be different." The Fed ended its \$120 billion per month bond buying program in March and 10-year Treasury yields have risen.

Sources: Bloomberg, Financial Times



Source: Bloomberg

RECENT NEWS

Booming Employment

The U.S. economy added 431,000 jobs in March as workers returned to the labor force and unemployment declined to 3.6%. The March report marked the 11th straight month of job gains above 400,000. The unemployment rate is near the pre-pandemic rate of 3.5%, which was a 50-year low. Booming employment has pushed hourly earnings up 5.6% over the past year. The tight labor market offers the Fed room to hike rates.

Source: Wall Street Journal

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Consumer Price Index (MoM)	03/10/22	FEB	0.8%	0.8%	0.6%
Core CPI (MoM)	03/10/22	FEB	0.5%	0.5%	0.6%
S&P Case Shiller 20-City Home Price Index (YoY)	03/29/22	JAN	18.60%	19.10%	18.58% (R)
Personal Income	03/31/22	FEB	0.5%	0.5%	0.1% (R)
Personal Spending	03/31/22	FEB	0.5%	0.2%	2.7% (R)
Change in Nonfarm Payrolls	04/01/22	MAR	490K	431K	750K (R)
Unemployment Rate	04/01/22	MAR	3.7%	3.6%	3.8%
Avg. Hourly Earnings (YoY)	04/01/22	MAR	5.5%	5.6%	5.2% (R)
ISM Manufacturing	01/04/00	MAR	59.0	57.1	58.6

Source: Bloomberg Finance L.P. 03/31/2022. Glossary terms on following page.

Contact Information

JOHN H. HUBER, CFA

Senior Vice President, Chief Investment Officer

PMA Asset Management, LLC
2135 CityGate Lane, 7th Floor
Naperville, IL 60563

Tel: 630.657.6510

Email: jhuber@pmanetwork.com

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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