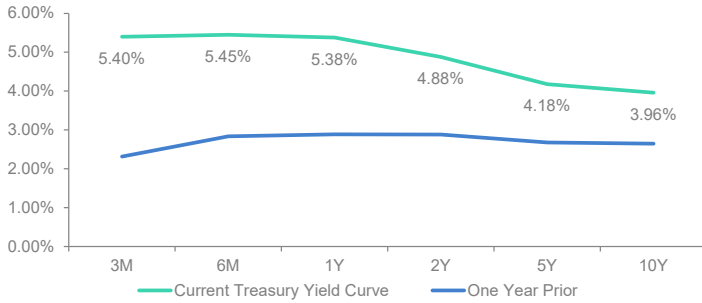
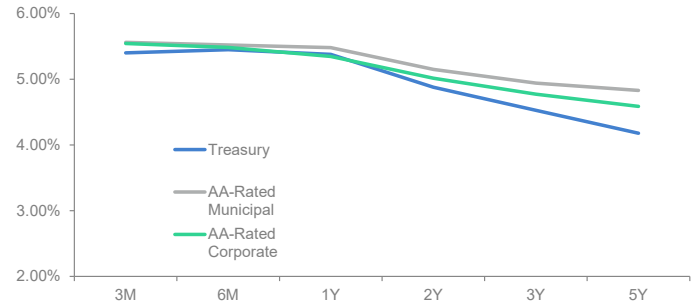


## Treasury Yield Curve



Source: Bloomberg Finance L.P. 07/31/23

## Market Yields



Source: Bloomberg Finance L.P. 07/31/23

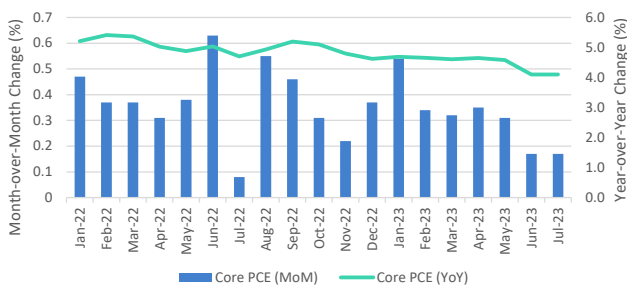
## FEATURED MARKET DATA

### Fed's Last Hike?

The last week of July brought a mixed bag of economic data and comments from the Federal Reserve Chair. Inflation declined as measured by the Fed's preferred measure of inflation, Personal Consumption Expenditures (PCE). The chart below shows PCE excluding food and energy, which declined for the month on a decrease in the price of goods. The week also brought the first look at second quarter GDP growth which exceeded expectations at 2.4% on stronger business investment. The Fed raised rates by 0.25% as Fed Chair Powell noted the Fed remains data dependent with respect to any future rate hikes. At PMA, we see only a small chance for further rates hikes while also expecting rates to remain higher for longer.

Sources: www.bea.gov, Bloomberg

## Inflation Declining



Source: Bloomberg

## RECENT NEWS

### Bumpy Earnings Results

Through July, more than half of S&P 500 constituents have reported second quarter earnings. Blended earnings growth (including actual results and estimated results for companies yet to report) shows projected year-over-year earnings growth of about -7.5%. The energy sector reported the largest YoY decline of -52% as oil prices declined. The materials and health care sectors also reported substantial YoY declines in earnings. Positively, six of eleven sectors are reporting YoY earnings growth, led by the consumer discretionary and communication sectors. Lower profit margins contributed to lower blended earnings growth across sectors and will be key to watch as inflation declines.

Source: FactSet

## U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Consumer Price Index (YoY)	07/12/23	JUN	3.1%	3.0%	4.0%
Existing Home Sales (MoM)	07/20/23	JUN	-2.3%	-3.3%	0.2%
GDP Annualized QoQ	07/27/23	2Q A	1.8%	2.4%	2.0%
Personal Income	07/28/23	JUN	0.5%	0.3%	0.5% (R)
Personal Spending	07/28/23	JUN	0.4%	0.5%	0.2% (R)
ISM Manufacturing	08/01/23	JUL	46.9	46.4	46.0
Change in Nonfarm Payrolls	08/04/23	JUL	200K	--	209K%
Unemployment Rate	08/04/23	JUL	3.6%	--	3.6%
Avg. Hourly Earnings (YoY)	08/04/23	JUL	4.2%	--	4.4%

Source: Bloomberg Finance L.P. 07/31/23. Glossary terms on following page.

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# Glossary of Terms

Term	What is it:
<b>Building Permits</b>	Records the number of permits for future housing construction.
<b>Capacity Utilization</b>	Tracks the extent to which capacity is being used in the production of goods and services.
<b>Change in Nonfarm Payrolls</b>	This indicator measures the change in the number of employees on business and government payrolls.
<b>Chicago Fed National Activity Index</b>	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.
<b>Consumer Confidence</b>	Index examines how consumers feel about jobs, the economy and spending.
<b>Consumer Price Index (CPI)</b>	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.
<b>Core Consumer Price Index (Core CPI)</b>	This measure of CPI excludes food and energy costs.
<b>Durable Goods Orders</b>	A measure of new orders placed with domestic manufacturers for durable goods, which are items that last three years or more.
<b>Existing Home Sales</b>	Measures monthly sales of previously owned single-family homes.
<b>GDP Annualized QoQ</b>	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.
<b>Housing Starts</b>	Records the number of new housing units started during a period.
<b>Index of Leading Economic Indicators (LEI)</b>	An index designed to predict the direction of the economy.
<b>Initial Jobless Claims</b>	Tracks new filings for unemployment insurance benefits.
<b>ISM Manufacturing</b>	Measures manufacturing activity based on a monthly survey of purchasing managers.
<b>MBA Mortgage Applications</b>	The Mortgage Bankers Association's weekly mortgage application survey includes home loan application activity for conventional and government loans for home purchases and refinances.
<b>Mortgage Delinquencies</b>	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.
<b>Personal Consumption Expenditure (PCE)</b>	The Federal Reserve's preferred measure of inflation tracks overall price changes for goods and services. Core PCE excludes food and energy.
<b>Personal Income and Spending</b>	Index records the income Americans receive, how much they spend, and what they save.
<b>Retail Sales</b>	Tracks the sale of new and used goods for personal or household consumption.
<b>Retail Sales Ex. Auto</b>	Retail sales excluding motor vehicles and parts.
<b>S&amp;P Case-Shiller Home Price Index</b>	Tracks the value of single-family housing within the U.S. There are multiple indexes including the 20-City Composite.
<b>Unemployment Rate</b>	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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