



LATEST CPI REPORT SHOWS EASING INFLATION

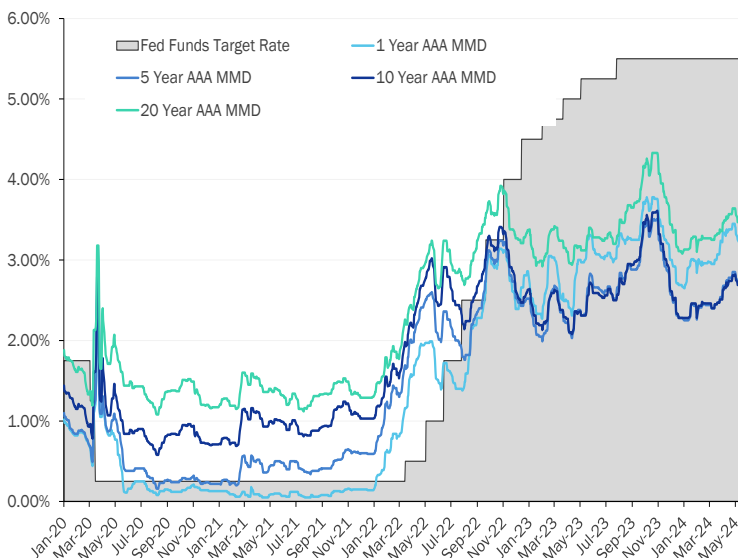
The US economy received a slight reprieve from recent hot inflation readings when the latest one released this week came in a little cooler than expected. The seasonally adjusted CPI report for the month of April showed that consumer prices increased by 0.3% from the prior month, slightly lower than the 0.4% reading the markets had expected. On a 12-month basis, CPI increased by 3.4%, which matched what was forecasted. The core inflation reading, which excludes volatile food and energy prices, also came in at 0.3% for the month of April, while the 12-month reading recorded a 3.6% increase. Notably, the 12-month core CPI reading was the lowest our economy has seen since April 2021.

As expected, financial markets reacted favorably to the inflation news. The Dow Jones, S&P 500, and NASDAQ all established new record highs and the 10-Year US Treasury closed 0.09% (nine basis points, or nine bps) lower than the previous day. While interest rates in the municipal bond market did not fall to the same degree as the Treasury market, they did decrease by 0-2 bps throughout the curve, continuing the downward trend they've been experiencing over the past couple of weeks. The 10-Year MMD is now at 3.11%, as of May 15, the lowest it has been since April 4, and 15 bps lower than its 2024 high of 3.26%, reached on April 30. Below is graph of the AAA MMD since January 2020.

In conjunction with the positive inflation reading, the municipal bond market also saw its largest fund inflows in the past month. The week ended May 8 saw an influx of \$1.605 billion, according to the Investment Company Institute (ICI), which includes data from both ETFs and long-term mutual funds. The highest inflow amount over the prior four weeks was \$963 million and the week that ended April 17 even saw an outflow of \$1.214 billion. This is a positive sign for the municipal bond market as it demonstrates healthy investor interest in municipal securities.

On the legislative front, the Bond Buyer reported on an effort among local government leaders to work with the Biden administration on a reauthorization of federal infrastructure funds. The Infrastructure Investment and Jobs Act of 2021 (IIJA) has helped many communities achieve the growth that they have been targeting and local leaders would like to see that assistance continue in much the same way.

If you have any questions regarding the bond market or your specific bond issue, please do not hesitate to contact a PMA advisor on the second page.



PMA is dedicated to staying up to date on market trends and will be ready to guide you through a dynamic and evolving market. If you have any questions about the municipal bond market in general or your specific bond issue, please feel free to contact a PMA advisor below.



Erik Kass
Director, Public Finance
PMA Securities



Michele Wiberg
SVP, Chief Sales
& Marketing Officer
PMA Securities



Andrew Kim
Director,
Public Finance
PMA Securities



This document was prepared by PMA Securities, LLC for clients of the firm and its affiliated PMA entities, as defined below. It is being provided for informational and/or educational purposes only without regard to any particular user's investment objectives, financial situation or means. The content of this document is not to be construed as a recommendation, solicitation or offer to buy or sell any security, financial product or instrument, or to participate in any particular trading strategy in any jurisdiction in which such an offer or solicitation, or trading strategy would be illegal. Nor does it constitute any legal, tax, accounting or investment advice of services regarding the suitability or profitability of any security or investment. Although the information contained in this document has been obtained from third-party sources believed to be reliable, PMA cannot guarantee the accuracy or completeness of such information. It is understood that PMA is not responsible for any errors or omissions in the content in this document and the information is being provided to you on an "as is" basis without warranties or representations of any kind. The analysis or information presented may also contain hypothetical projections and/or past performance that have certain limitations. Past performance does not guarantee future results and no representation is made that the results are accurate or complete or that any results will be achieved.

Securities, public finance services and institutional brokerage services are offered through PMA Securities, LLC. PMA Securities, LLC is a broker-dealer and municipal advisor registered with the SEC and MSRB, and is a member of FINRA and SIPC. PMA Asset Management, LLC, an SEC registered investment adviser, provides investment advisory services to local government investment pools and separate accounts. All other products and services are provided by PMA Financial Network, LLC. PMA Financial Network, LLC, PMA Securities, LLC and PMA Asset Management, LLC (collectively "PMA") are under common ownership.

Securities and public finance services offered through PMA Securities, LLC are available in CA, CO, FL, IL, IN, IA, MI, MN, MO, NE, NY, OH, OK, PA, SD, TX and WI. This document is not an offer of services available in any state other than those listed above, has been prepared for informational and educational purposes and does not constitute a solicitation to purchase or sell securities, which may be done only after client suitability is reviewed and determined. All investments mentioned herein may have varying levels of risk, and may not be suitable for every investor. PMA and its employees do not offer tax or legal advice. Individuals and organizations should consult with their own tax and/or legal advisors before making any tax or legal related investment decisions. Additional information is available upon request.

©2024 PMA Securities, LLC