

Market and Economic Highlights

- ▶ Stock and bond returns were mostly positive in August
- ▶ The month started with a sell-off on growth and employment concerns
- ▶ More dovish Fed comments spurred price growth
- ▶ Employment and consumer spending marked as potential headwinds
- ▶ Markets pricing in about a 35% chance of a 50 basis point September rate cut

Source: FactSet

Market Returns

Market Index	1-Month	3-Month	YTD	1-Year
Bloomberg 9-12 Month T-Bill	0.66%	1.77%	3.45%	5.74%
Bloomberg 1-5 Year Government	0.99%	3.23%	3.25%	6.16%
Bloomberg Intermediate U.S. Gov/ Credit A or Better	1.12%	3.83%	3.38%	6.68%
Bloomberg Intermediate U.S. Agg.	1.30%	4.39%	3.48%	7.24%
S&P 500	2.43%	7.39%	19.52%	27.12%
Russell 2000	-1.50%	7.51%	10.38%	18.44%

Source: Bloomberg; As of 8/31/24

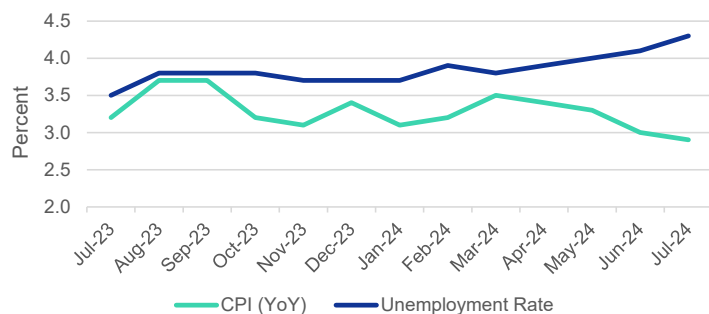
FEATURED MARKET DATA

Fed's Attention Shifts to Employment

Lower than expected growth in July payrolls (114K) and an increase in the unemployment rate to 4.3% raised market concerns in early August that the Fed might be behind on cutting interest rates. During August, Fed speak increasingly focused on employment and provided indications the Fed plans to cut rates in its September meeting. Later, at the Fed's annual meetings in Jackson Hole, Wyoming, Fed Chair Powell confirmed the Fed's shift in focus to the labor market with risks to inflation diminishing. Markets will be closely examining the employment report on September 6. Currently, the market is fully pricing in rate cuts at each of the three remaining meetings in 2024 with cuts totaling at least 2.00% priced in by July 2025.

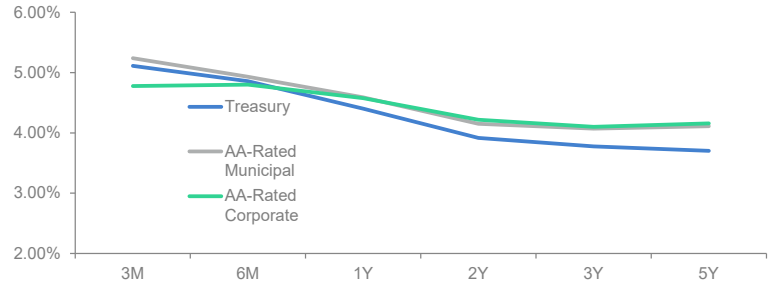
Sources: FactSet, Bloomberg

Inflation and Unemployment



Source: Bloomberg

Market Yields



Source: Bloomberg Finance L.P. 8/31/24

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Consumer Price Index (MoM)	08/14/24	JULY	0.2%	0.2%	-0.1%
Consumer Price Index (YoY)	08/14/24	JULY	3.0%	2.9%	3.0%
Retail Sales Ex. Auto (MoM)	08/15/24	JULY	0.1%	0.4%	0.5% (R)
Chicago Fed National Activity Index	08/22/24	JULY	0.03	-0.34	-0.09 (R)
Consumer Confidence	08/27/24	AUG	100.8	103.3	101.9 (R)
Core PCE (YoY)	08/30/24	JULY	2.7%	2.6%	2.6%
ISM Manufacturing	09/03/24	AUG	47.5	47.2	46.8
Change in Nonfarm Payrolls	09/06/24	AUG	165K	--	114K
Unemployment Rate	09/06/24	AUG	4.2%	--	4.3%

Source: Bloomberg Finance L.P. 9/3/24. Glossary terms on following page.

Contact Information

JOHN M. HUBER, CFA

Senior Vice President, Chief Investment Officer

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

Tel: (612) 509-2580

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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