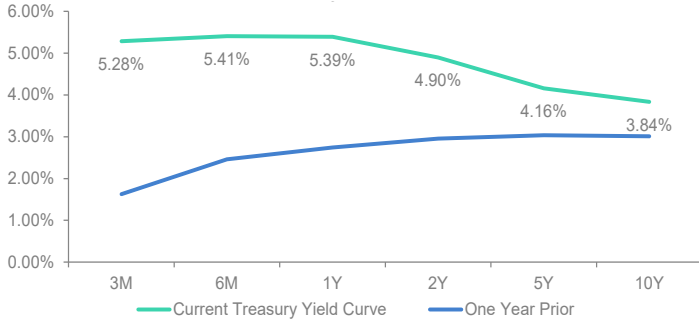


## MARKET UPDATE

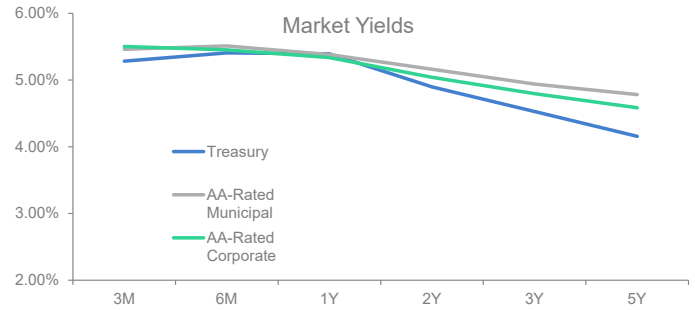
JULY 2023

### Treasury Yield Curve



Source: Bloomberg Finance L.P. 06/30/23

### Market Yields



Source: Bloomberg Finance L.P. 06/30/23

### FEATURED MARKET DATA

#### Stronger Data Help Lift Rates

Economic data was mostly stronger than expected in June. The Citi Economic Surprise Index, which measures the differences in actual and forecasted economic data, rose in June as data such as retail sales, consumer confidence and durable goods orders were all stronger than expected. Stronger data also helped lift interest rates as 1-year and 2-year U.S. Treasuries increased by 22 and 49 basis points, respectively, in June. At the same time, futures markets fully priced in one additional Fed Funds rate hike in 2023 while eliminating expectations for a cut this year. During its June meeting, the Fed did not raise rates but conveyed expectations for two more rate hikes this year.

Source: Bloomberg

#### Citi Economic Surprise Index



Source: Bloomberg

### RECENT NEWS

#### Federal Reserve and Growth

With inflation slowly declining and labor markets strong, we see the Fed as increasingly focused on economic growth as it contemplates further rate hikes. The Bureau of Economic Analysis (BEA) released its third estimate of 1st quarter GDP on June 29th. GDP was revised up to 2.0% from 1.3% in the second estimate based on upward revisions to exports and consumer spending that were partly offset by downward revisions to business investment and federal government spending. Surveys of economists forecast the potential for GDP to turn negative in the second half of 2023. Given strong recent data, we see a continued trend of recession risks being pushed back.

Source: www.bea.gov

### U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Core CPI (MoM)	06/13/23	MAY	0.4%	0.4%	0.4%
Consumer Price Index (YoY)	06/13/23	MAY	4.1%	4.0%	4.9%
Retail Sales (MoM)	06/15/23	MAY	-0.2%	0.3%	0.4%
Existing Home Sales (MoM)	06/22/23	MAY	-0.7%	0.2%	-3.2% (R)
Durables Ex. Transportation	06/27/23	MAY	0.0%	0.6%	-0.6% (R)
Consumer Confidence	06/27/23	JUN	104.0	109.7	102.5 (R)
Core PCE (YoY)	06/30/23	MAY	4.7%	4.6%	4.7%
Change in Nonfarm Payrolls	07/07/23	JUN	225K	--	339K
Unemployment Rate	07/07/23	JUN	3.6%	--	3.7%

Source: Bloomberg Finance L.P. 06/30/23. 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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