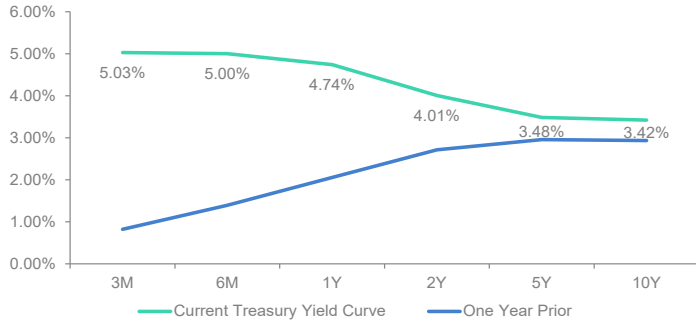


MARKET UPDATE

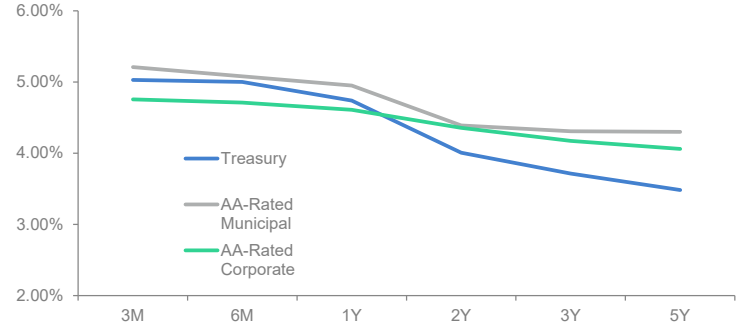
MAY 2023

Treasury Yield Curve



Source: Bloomberg Finance L.P. 04/30/23

Market Yields



Source: Bloomberg Finance L.P. 04/30/23

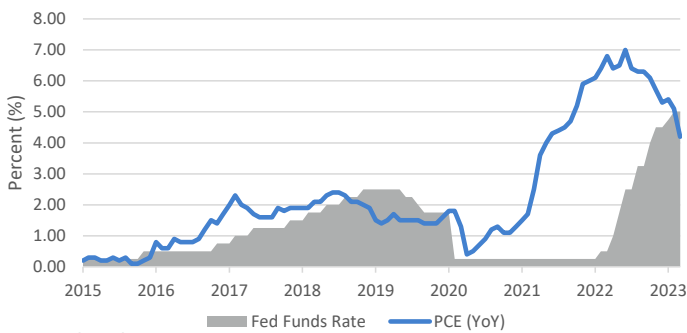
FEATURED MARKET DATA

Fed Nearing End of Hikes

The “dot plots” released by the Fed in March depicted their plans to hike rates one more time this year and then hold rates steady. The Fed has also stated they remain data dependent and thus Personal Consumption Expenditures (PCE), the Fed’s preferred measure of inflation, is an important data point. By this measure, inflation slowed to 4.2% in March. This level is below the upper bound of the targeted fed funds rate of 5%, indicating the Fed is near the end of its rate hiking cycle. Looking forward, we see economic growth as a key consideration for the Fed as they determine the path of monetary policy.

Source: Bloomberg

Fed Funds Rate and Inflation



Source: Bloomberg

RECENT NEWS

U.S. GDP Growth Slows

The Commerce Department reported on April 27th that growth in U.S. Gross Domestic Product (GDP) slowed in the first quarter to 1.1% from 2.6% in the fourth quarter. There were some positive signs beneath the decline in the headline number. Consumer spending increased to 3.7% from 1% in the fourth quarter as spending on goods and services rose. This was the strongest growth in consumer spending since the second quarter of 2021. Decreases in inventories and housing and weak business spending contributed to lower GDP growth for the quarter.

Sources: www.bea.gov, Wall Street Journal

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Core CPI (MoM)	04/12/23	MAR	0.4%	0.4%	0.5%
Consumer Price Index (YoY)	04/12/23	MAR	5.1%	5.0%	6.0%
Retail Sales Ex. Auto (MoM)	04/14/23	MAR	-0.6%	-0.3%	-0.5% (R)
Chicago Fed National Activity Index	04/24/23	MAR	-0.20	-0.19	-0.19%
Consumer Confidence	04/25/23	APR	104.0	101.3	104.0 (R)
Personal Consumption Expenditures (PCE) (YoY)	04/28/23	MAR	4.1%	4.2%	5.1% (R)
Core PCE (YoY)	04/28/23	MAR	4.6%	4.6%	4.7% (R)
Change in Nonfarm Payrolls	05/05/23	APR	180K	--	236K
Unemployment Rate	05/05/23	APR	3.6%	--	3.5%

Source: Bloomberg Finance L.P. 05/01/23. Glossary terms on following page.

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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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