

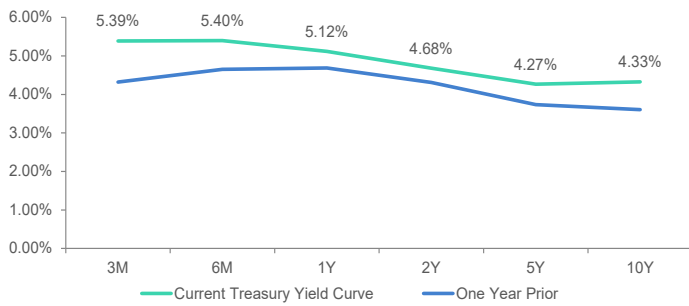


# MN TRUST MARKET UPDATE

Prepared by PMA Asset Management, LLC

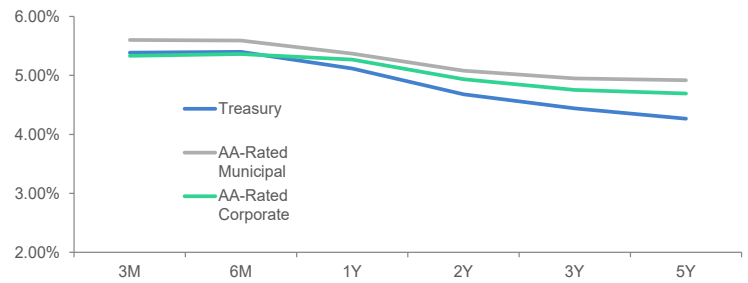
DECEMBER 2023

## Treasury Yield Curve



Source: Bloomberg Finance L.P. 11/30/23

## Market Yields



Source: Bloomberg Finance L.P. 11/30/23

## FEATURED MARKET DATA

### Bonds Break Out

In November 2023, the Bloomberg Aggregate Index posted its strongest monthly total return since 1985. The 2-year Treasury yield ended the month at 4.70%, hitting its lowest level since mid-July. The 10-year Treasury yield ended the month at 4.34% after rising above 5.00% in October. A lower-than-expected inflation print of 3.2% sparked a rally across Wall Street, with traders largely removing potential Federal Reserve rate hikes from their forecasts. In addition, the labor market showed signs of better balance adding 180,000 jobs while maintaining an unemployment rate at 3.9%. Moderately reduced employment statistics ease inflationary pressure indicating a healthier economy.

Sources: Bloomberg

### Treasury Rates Shift Down



Sources: Bloomberg

## RECENT NEWS

### Stocks Post Strong Returns

The U.S. equity market also saw a significant rally, particularly in the S&P 500 and Nasdaq 100 indices. The S&P 500 surged 8.9% in November, marking the 7th highest monthly return since 2000. The Nasdaq Composite also performed well, climbing 10.7% over the month. November's rally was broad-based, encompassing a wide range of stocks beyond the mega-cap "Magnificent 7" tech stocks that had dominated market gains earlier in 2023. This broad-based rally suggests a healthy market condition, where gains are not concentrated in a few sectors or companies but are spread across various industries and company sizes.

Source: FactSet

## U.S. Economic Indicators

| Event                               | Event Date | Period | Survey | Actual | Prior / Revised (R) |
|-------------------------------------|------------|--------|--------|--------|---------------------|
| Consumer Price Index (MoM)          | 11/14/23   | OCT    | 0.1%   | 0.0%   | 0.4%                |
| Consumer Price Index (YoY)          | 11/14/23   | OCT    | 3.3%   | 3.2%   | 3.7%                |
| Retail Sales Ex. Auto (MoM)         | 11/15/23   | OCT    | -0.2%  | 0.1%   | 0.8% (R)            |
| Chicago Fed National Activity Index | 11/21/23   | OCT    | 0.00   | -0.49  | -0.02 (R)           |
| Core PCE (YoY)                      | 11/30/23   | OCT    | 3.5%   | 3.5%   | 3.7%                |
| Consumer Confidence                 | 11/28/23   | NOV    | 101.0  | 102.0  | 99.1 (R)            |
| ISM Manufacturing                   | 12/01/23   | NOV    | 47.6   | 46.7   | 46.7                |
| Change in Nonfarm Payrolls          | 12/08/23   | NOV    | 180K   | --     | 150K                |
| Unemployment Rate                   | 12/08/23   | NOV    | 3.9%   | --     | 3.9%                |

Source: Bloomberg Finance L.P. 11/30/23. 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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