

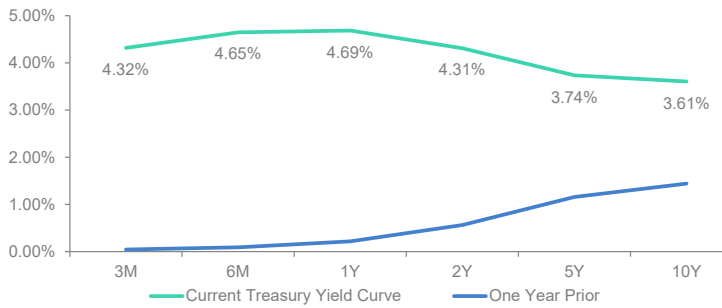


MN TRUST MARKET UPDATE

Prepared by PMA Asset Management, LLC

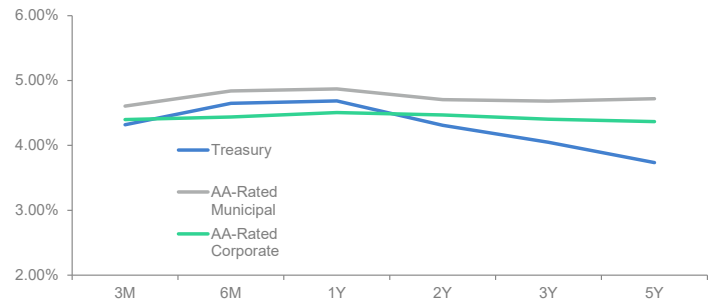
DECEMBER 2022

Treasury Yield Curve



Source: Bloomberg Finance L.P. 11/30/22

Market Yields



Source: Bloomberg Finance L.P. 11/30/22

FEATURED MARKET DATA

Fed and Inflation Driving Markets

Stocks rallied in November on softer inflation data and expectations for the Fed to slow the pace of rate hikes beginning in December. Together, the news helped lift the S&P 500 index 5.38% for the month. This marked the first time since August 2021 that the S&P 500 saw back-to-back monthly gains. While Fed speak in November emphasized themes of more hikes and rates higher for longer, the market increasingly focused on the potential for a Fed "pivot" following the softer CPI report on November 10. The Fed remains data dependent and we expect the market to continue to wrestle with the implications of each new piece of economic data.

Source: Bloomberg

S&P 500 Index



Source: Bloomberg

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Consumer Price Index (YoY)	11/10/22	OCT	7.9%	7.7%	8.2%
Retail Sales Ex. Auto (MoM)	11/16/22	OCT	0.5%	1.3%	0.1%
Existing Home Sales (MoM)	11/18/22	OCT	-6.6%	-5.9%	-1.5%
Personal Income	12/01/22	OCT	0.4%	0.7%	0.4%
Personal Spending	12/01/22	OCT	0.8%	0.8%	0.6%
Core PCE (MoM)	12/01/22	OCT	0.3%	0.2%	0.5%
ISM Manufacturing	12/01/22	NOV	49.7	49.0	50.2
Change in Nonfarm Payrolls	12/02/22	NOV	200K	263K	284K (R)
Unemployment Rate	12/02/22	NOV	3.7%	3.7%	3.7%

Source: Bloomberg Finance L.P. 12/02/22. Glossary terms on following page.

RECENT NEWS

Strong Labor Market

Job growth remained strong in November as the economy added 263,000 jobs, well ahead of forecasts for 200,000 new jobs. Leisure and hospitality, health care, and government saw gains as employment declined in retail trade and in transportation and warehousing. The unemployment rate was unchanged at 3.7%, in line with expectations. The labor force participation rate ticked down to 62.1 percent and is 1.3 percentage points below its February 2020 level. In a worry for the Fed as it battles inflation, wages grew 5.1% from a year earlier. Low unemployment and wage gains are helping fuel consumer spending which is likely to support further price growth of goods and services.

Sources: www.bls.gov, Wall Street Journal

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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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