

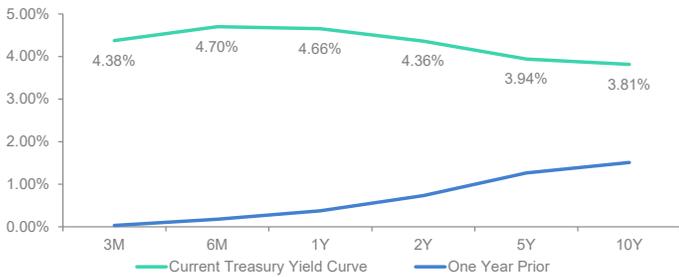


MN TRUST MARKET UPDATE

Prepared by PMA Asset Management, LLC

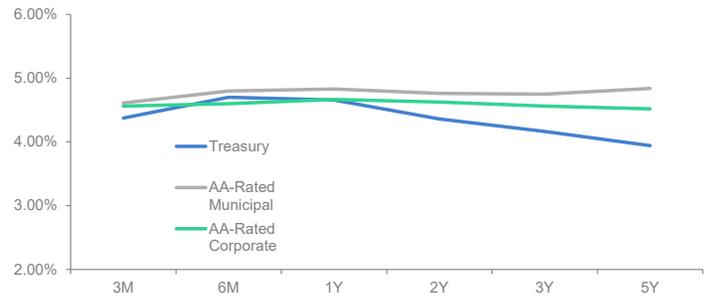
JANUARY 2023

Treasury Yield Curve



Source: Bloomberg Finance L.P. 12/29/22

Market Yields



Source: Bloomberg Finance L.P. 12/29/22

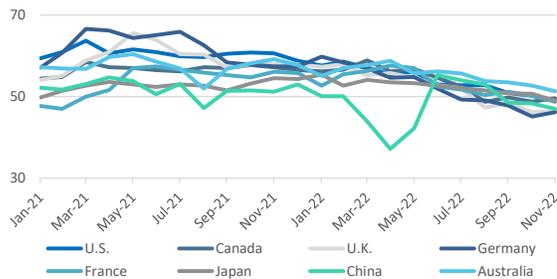
FEATURED MARKET DATA

Tighter Financial Conditions Slow Growth

During 2022, global central banks tightened monetary policy in an effort to combat heightened inflation. This tightened financial conditions and has resulted in manufacturers slowing production globally. In the U.S., economic activity in the manufacturing sector contracted in November for the first time since May 2020 and the index remained below 50 in December. The survey has reported softening new order rates over the previous six months. Overall, the declining trend reflects companies preparing for future lower output. A similar trend can be seen in falling purchasing manager indices for manufacturers across major economies.

Sources: www.ismworld.org, Bloomberg

Global Purchasing Manager Indices



Source: Bloomberg

RECENT NEWS

Value Stocks Outperformed Growth in 2022

The Fed's rate hikes in 2022 were a primary driver of lower stock prices, along with slowing economic growth, EPS contraction and inflation pressures. The S&P 500 was down 18.1% for the year. Value stocks outperformed in 2022 due to their comparative lack of sensitivity to rate movements. The Russell 1000 Value was down just 7.5%. The magnitude of outperformance for value, as demonstrated by the 24.2% difference in returns for the S&P 500 growth and value indices, was a level not seen since 2000. Looking forward, slower economic growth may present continued opportunities for value versus growth stocks in the next 12-18 months.

Source: FactSet

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Consumer Price Index (MoM)	12/13/22	NOV	0.3%	0.1%	0.4%
Consumer Price Index (YoY)	12/13/22	NOV	7.3%	7.1%	7.7%
Existing Home Sales (MoM)	12/21/22	NOV	-5.2%	-7.7%	-5.9%
Consumer Confidence	12/21/22	DEC	101.0	108.3	101.4 (R)
Personal Income	12/23/22	NOV	0.3%	0.4%	0.7%
Personal Spending	12/23/22	NOV	0.2%	0.1%	0.9% (R)
Core PCE (MoM)	12/23/22	NOV	4.6%	4.7%	5.0%
Change in Nonfarm Payrolls	01/06/23	DEC	200K	--	263K
Unemployment Rate	01/06/23	DEC	3.7%	--	3.7%

Source: Bloomberg Finance L.P. 12/29/22. 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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