

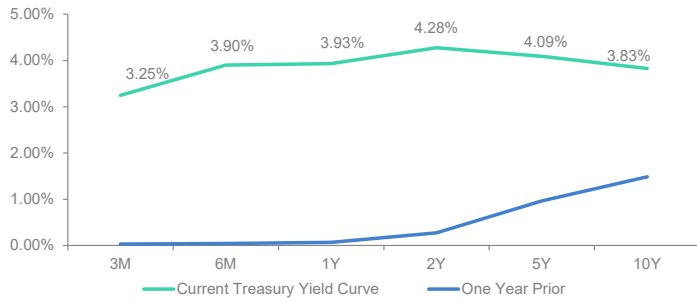


# MN TRUST MARKET UPDATE

Prepared by PMA Asset Management, LLC

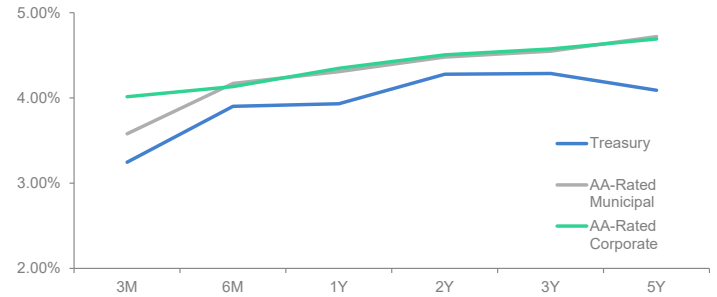
OCTOBER 2022

## Treasury Yield Curve



Source: Bloomberg Finance L.P. 9/30/22

## Market Yields



Source: Bloomberg Finance L.P. 9/30/22

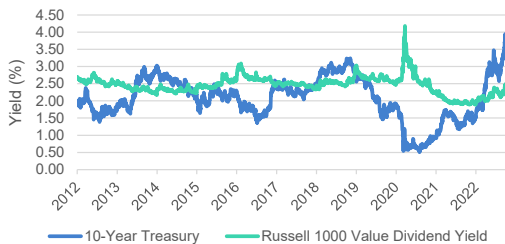
## FEATURED MARKET DATA

### Seeking Income

A plummet in bond yields in 2020 sent many investors on a search for yield. A relatively attractive dividend yield on stocks provided one source of income. As investors gravitated toward dividend paying stocks, equity indices such as the Russell 1000 Value index outperformed more growth oriented indices. The yield advantage for stocks has abruptly reversed in 2022 with the yield on 10-year Treasury notes approaching 4% in September. The dividend yield on the Russell 1000 Value index, meanwhile, is less than 2.5%. Higher bond yields are attracting yield hungry investors and reducing price support for stocks that may have benefited from providing greater income over the prior two years.

Source: Bloomberg

### Bonds Providing More Income



Source: Bloomberg

## U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Core CPI (MoM)	09/13/22	AUG	0.6%	0.6%	0.3%
Consumer Price Index (YoY)	09/13/22	AUG	8.1%	8.3%	8.5%
S&P Case Shiller 20-City Home Price Index (MoM)	09/27/22	JULY	0.20%	-0.44%	0.19% (R)
Consumer Confidence	09/27/22	SEP	104.6	108.0	103.6 (R)
Personal Spending	09/30/22	AUG	0.2%	0.4%	-0.2% (R)
Core PCE (YoY)	09/30/22	AUG	4.7%	4.9%	4.7% (R)
ISM Manufacturing	10/03/22	SEP	52.0	50.9	52.8
Change in Nonfarm Payrolls	10/07/22	SEP	265K	--	315K
Unemployment Rate	10/07/22	SEP	3.7%	--	3.7%

Source: Bloomberg Finance L.P. 9/30/22. Glossary terms on following page.

## RECENT NEWS

### Central Banks Going Too Far?

Central banks around the world are raising interest rates swiftly to slow inflation. The cumulative effect is creating concern for some economists, including those at the World Bank, that rates may rise too high, too fast. To avoid an unnecessarily deep economic downturn, the World Bank advised policy makers to "take into account the potential spill overs of globally synchronous domestic policies." In the U.S., futures markets indicate the Federal Reserve will take heed of this advice. While the latest "dot plots" from the Federal Reserve's September meeting show a median fed funds rate of 4.625% at the end of 2023, the futures market points to a lower level of 4.12%.

Source: Wall Street Journal

## Contact Information

### KENT JOHNSON

Senior Vice President, Director-Minnesota Office

PMA Securities, LLC  
5298 Kyler Ave. NE, 2nd Floor  
Albertville, MN 55301

Tel: 763.497.1490 Ext. 1300

Email: kjohnson@pmanetwork.com

# 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

This document was prepared by PMA Asset Management, LLC for clients of the firm and its affiliated PMA entities, as defined below. It is being provided for informational and/or educational purposes only without regard to any particular user's investment objectives, financial situation or means. The content of this document is not to be construed as a recommendation, solicitation or offer to buy or sell any security, financial product or instrument, or to participate in any particular trading strategy in any jurisdiction in which such an offer or solicitation, or trading strategy would be illegal. Nor does it constitute any legal, tax, accounting or investment advice of services regarding the suitability or profitability of any security or investment. Although the information contained in this document has been obtained from third-party sources believed to be reliable, PMA cannot guarantee the accuracy or completeness of such information. It is understood that PMA is not responsible for any errors or omissions in the content in this document and the information is being provided to you on an "as is" basis without warranties or representations of any kind.

Securities, public finance services and institutional brokerage services are offered through PMA Securities, LLC PMA Securities, LLC is a broker-dealer and municipal advisor registered with the SEC and MSRB, and is a member of FINRA and SIPC. PMA Asset Management, LLC, an SEC registered investment adviser, provides investment advisory services to local government investment pools and separate accounts. All other products and services are provided by PMA Financial Network, LLC PMA Financial Network, LLC, PMA Securities, LLC and PMA Asset Management, LLC (collectively "PMA") are under common ownership.

Securities and public finance services offered through PMA Securities, LLC are available in CA, CO, FL, IL, IN, IA, MI, MN, MO, NE, NY, OH, OK, PA, SD, TX and WI. This document is not an offer of services available in any state other than those listed above, has been prepared for informational and educational purposes and does not constitute a solicitation to purchase or sell securities, which June be done only after client suitability is reviewed and determined. All investments mentioned herein June have varying levels of risk, and June not be suitable for every investor. PMA and its employees do not offer tax or legal advice. Individuals and organizations should consult with their own tax and/or legal advisors before making any tax or legal related investment decisions. Additional information is available upon request.