

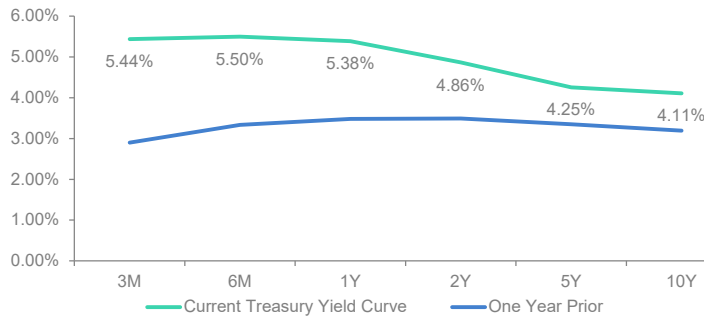


MN TRUST MARKET UPDATE

Prepared by PMA Asset Management, LLC

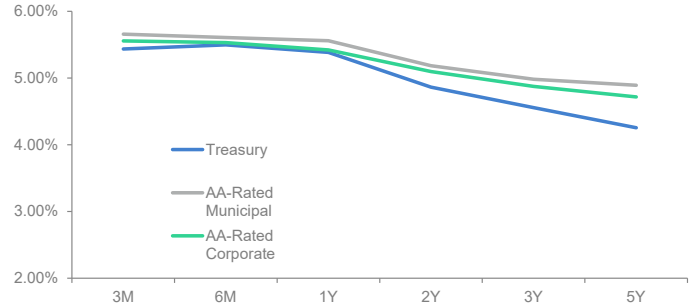
SEPTEMBER 2023

Treasury Yield Curve



Source: Bloomberg Finance L.P. 08/31/23

Market Yields



Source: Bloomberg Finance L.P. 08/31/23

FEATURED MARKET DATA

Higher For Longer

The yield on the 10-Year US Treasury rose in August to its highest level since 2007. The month saw real yields rise even more and are now at the highest level since 2009. Real, or inflation-adjusted, yields reflect the difference between the expected levels of inflation and nominal Treasury yields. Myriad factors impact nominal and real yields including supply and demand. Nonetheless, the rise in real yields produces increasing restraint on the economy in the face of declining expected future inflation. More broadly, higher yields reflect investors' belief that the Fed is likely to keep rates high and that the economy is unlikely to slow sharply in the near term.

Source: Bloomberg

Rising Treasury Yields



Source: Bloomberg

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Consumer Price Index (YoY)	08/10/23	JUL	3.3%	3.2%	3.0%
Core CPI (YoY)	08/10/23	JUL	4.7%	4.7%	4.8%
Retail Sales Ex. Auto (MoM)	08/15/23	JUL	0.4%	1.0%	0.2%
Consumer Confidence	08/29/23	AUG	116.0	106.1	114.0 (R)
Personal Income	08/31/23	JUL	0.3%	0.2%	0.3%
Personal Spending	08/31/23	JUL	0.7%	0.8%	0.6% (R)
Change in Nonfarm Payrolls	09/01/23	AUG	170K	187K	157K (R)
Unemployment Rate	09/01/23	AUG	3.5%	3.8%	3.5%
Avg. Hourly Earnings (YoY)	09/01/23	AUG	4.3%	4.3%	4.4%

Source: Bloomberg Finance L.P. 08/31/23. Glossary terms on following page.

RECENT NEWS

Hawkish Jackson Hole

Investors heard a more hawkish tone from Federal Reserve Chair Jerome Powell at the annual gathering of policymakers in Jackson Hole, Wyoming. In many ways, the message was the same as the Chair emphasized the Fed will remain data dependent as it determines the level of interest rates. The Chair acknowledged that returning inflation to the Fed's 2% target may be challenging and "require a period of below-trend growth". These remarks were made following months of faster than expected U.S. consumer spending growth, fueled by higher wages. Powell's hawkish tone combined with continued consumer strength support the notion that the Fed may be slow to cut rates in the face of any economic slowdown.

Sources: Bloomberg, 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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