

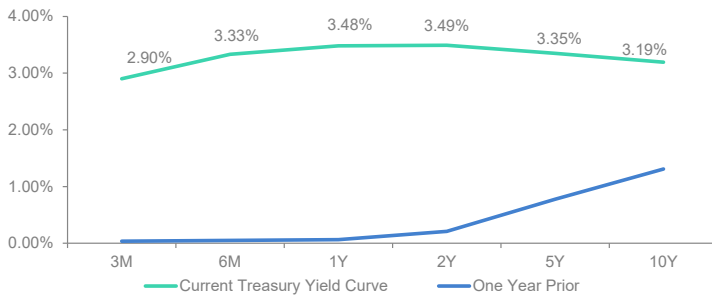


# MN TRUST MARKET UPDATE

Prepared by PMA Asset Management, LLC

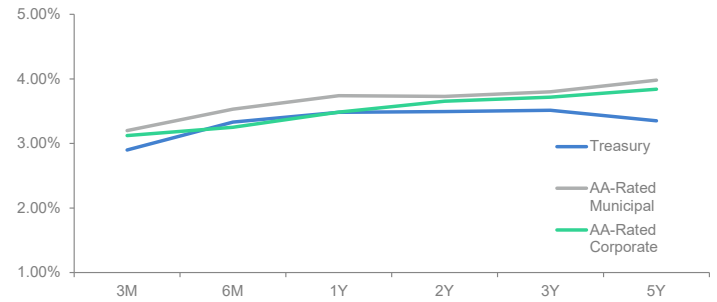
SEPTEMBER 2022

## Treasury Yield Curve



Source: Bloomberg Finance L.P. 8/31/22

## Market Yields



Source: Bloomberg Finance L.P. 8/31/22

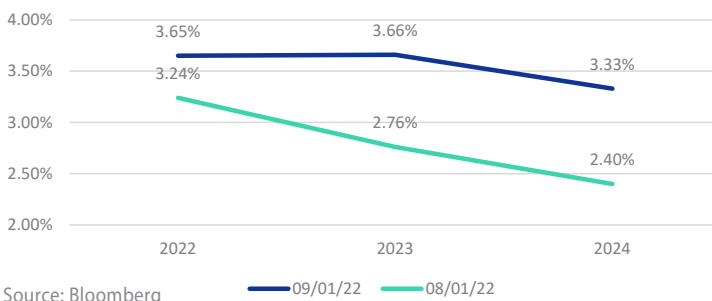
## FEATURED MARKET DATA

### Fed Higher for Longer

In a speech in Jackson Hole, Wyoming on August 26, Fed Chair Jerome Powell emphasized the importance of reducing inflation. He said the Fed would continue raising rates and hold them higher until it is confident inflation is under control. This pushed up market expectations for where the Fed Funds rate will be at the end of 2022, 2023 and 2024. Leading up to Powell's speech, multiple Fed members pushed back against some investors' expectations that the Fed may quickly "pivot" in 2023 to cutting interest rates as the economy slows. In his Jackson Hole speech, Powell pointed to the policies of the 1970's and said, "The historical record cautions strongly against prematurely loosening policy."

Source: Wall Street Journal

### Fed Funds Futures



Source: Bloomberg

## RECENT NEWS

### Employment Remains Strong

Employers added 315,000 jobs in August. While the pace was down from July's revised 526,000 jobs, growth remained well above the pre-pandemic trend. Unemployment rose slightly to 3.7% from 3.5% in July as more workers entered the work force. The employment report also showed hourly earnings rose 5.2% in August from a year earlier, a level equal to the prior month. The employment report reflects a continued tight labor market and should keep the Fed on track to raise rates by 0.50% or 0.75% later this month.

Source: Wall Street Journal

## U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Consumer Price Index (MoM)	08/10/22	JULY	0.2%	0.0%	1.3%
Consumer Price Index (YoY)	08/10/22	JULY	8.7%	8.5%	9.1%
Existing Home Sales (MoM)	08/18/22	JULY	-5.1%	-5.9%	-5.5% (R)
New Home Sales (MoM)	08/23/22	JULY	-2.5%	-12.6%	-7.1% (R)
Personal Income	08/26/22	JULY	0.6%	0.2%	0.7% (R)
Personal Spending	08/26/22	JULY	0.5%	0.1%	1.0% (R)
ISM Manufacturing	09/01/22	AUG	51.9	52.8	52.8
Change in Nonfarm Payrolls	09/02/22	AUG	298K	315K	526K (R)
Unemployment Rate	09/02/22	AUG	3.5%	3.7%	3.5%

Source: Bloomberg Finance L.P. 8/31/22. 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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