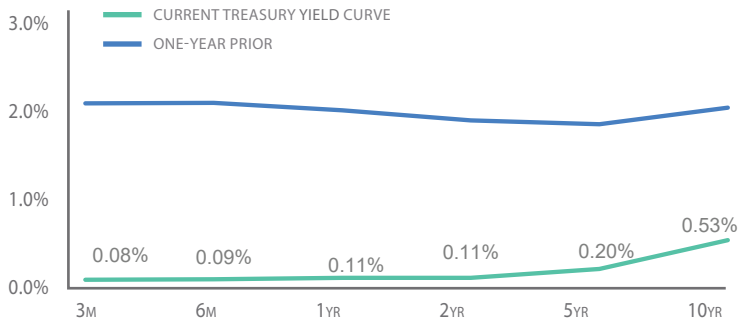
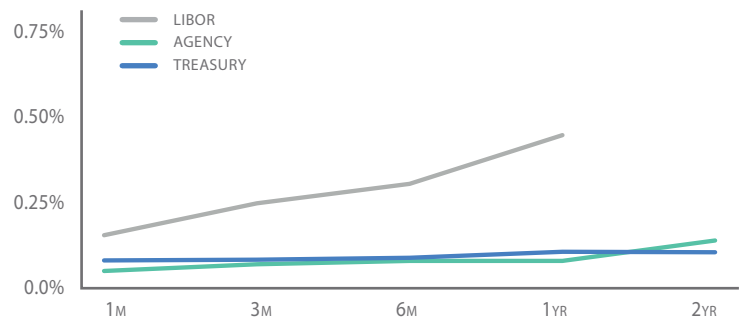


## Historical Treasury Yield Curve



Source: Bloomberg Finance L.P. 7/31/20

## Indicative Rates



Source: Bloomberg Finance L.P. 7/31/20. Rates do not reflect transaction fees.

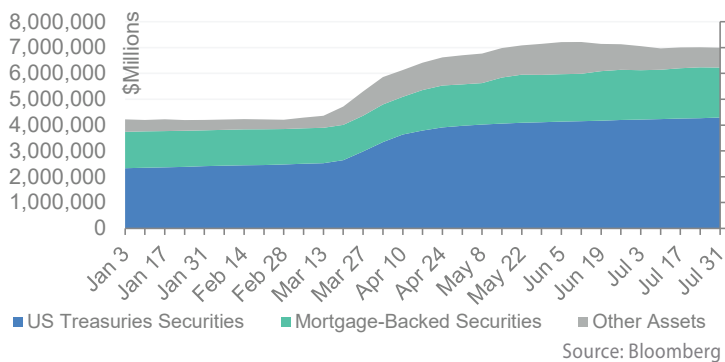
### FEATURED MARKET DATA

## Massive Purchases by Federal Reserve

Following a period of extreme market stress in March, the Federal Reserve reopened and created several programs aimed at boosting liquidity across a range of markets. In support of these programs, the Federal Reserve boosted its balance sheet by \$2.8 trillion to nearly \$7 trillion through July 31st. These massive purchases have supported bond and equity prices, while reducing bond yields. Purchases of U.S. Treasuries and mortgage-backed securities have together totaled nearly \$2.5 trillion in 2020. Other asset growth has included loans from the Paycheck Protection Program of \$70 billion, the Corporate Credit Facility of \$44 billion, the Main Street Lending Program of \$38 billion and the Municipal Liquidity Facility of \$16 billion.

Source: Bloomberg, PMA Asset Management

### 2020 FEDERAL RESERVE ASSET GROWTH



Source: Bloomberg

### RECENT NEWS

## Stock Prices Continue to Rise

U.S. stock prices as measured by the S&P 500 have fully recovered from the March sell-off. The S&P 500 was up 1.25% year-to-date through July 31st. This tremendous recovery has occurred during a period of falling corporate earnings and record low GDP of -32.9% in the 2nd quarter. Markets are forward looking and focused on the recovery; however, we believe the market's large divergence from fundamentals suggests fiscal and monetary stimulus have been large drivers of price growth. Another observation is that the recovery has been quite shallow with only 38% of companies, mostly technology-related, showing positive price growth for the year.

Sources: Bloomberg, FactSet, PMA Asset Management

## U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Core CPI (MoM)	07/14/20	JUN	0.5%	0.6%	-0.1%
Core CPI (YoY)	07/14/20	JUN	0.6%	0.6%	0.1%
Retail Sales Ex. Auto (MoM)	07/16/20	JUN	5.0%	6.7%	12.1% (R)
Existing Home Sales (MoM)	07/22/20	JUN	21.4%	20.7%	-9.7%
Consumer Confidence	07/28/20	JUL	95.0	92.6	98.3 (R)
GDP Annualized (QoQ)	07/30/20	2Q A	-34.5%	-32.9%	-5.0%
ISM Manufacturing	08/03/20	JUL	53.6	54.2	52.6
Change in Nonfarm Payrolls	08/07/20	JUL	1,500K	--	4,800K
Unemployment Rate	08/07/20	JUL	10.5%	--	11.1%

Source: Bloomberg Finance L.P. 8/3/20. Glossary terms on page 2.

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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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