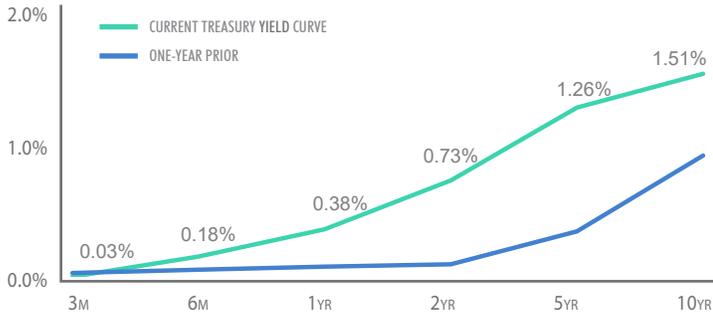
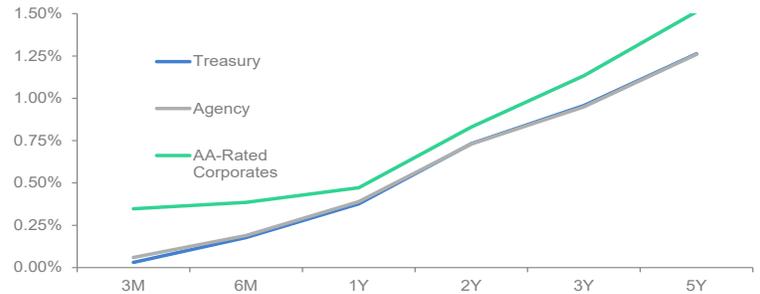


Historical Treasury Yield Curve



Source: Bloomberg Finance L.P. 12/31/21

Market Yields



Source: Bloomberg Finance L.P. 12/31/21

FEATURED MARKET DATA

Corporate Earnings Drive Strong Returns

The S&P 500 rose 27% in 2021, marking a third consecutive year of double-digit gains. Price gains were supported by strong earnings growth for the year and continued healthy profit forecasts. The S&P 500 index's valuation, measured by the price / earnings ratio, finished the year somewhat lower. The index is trading at 22.8 times analysts' projected earnings over the next 12 months, down from 23.7 times at the end of 2020. Cheaper valuations, together with an expanding economy and low interest rates, help explain why most Wall Street forecasters predict the S&P 500 will continue to rise in 2022.

Sources: Bloomberg, Wall Street Journal



Source: Bloomberg

RECENT NEWS

Corporate Bonds Outperform

Investment grade corporate bond spreads tightened 5 basis points in December, closing the year at an option adjusted spread of 100 basis points. These relatively tight spreads reflect strong corporate earnings and healthy balance sheets. Total return for December was -0.28%. An excess return of +0.54% for December demonstrates corporates' stronger performance relative to Treasuries. For the year, investment grade spreads tightened 4 basis points helping generate an excess return of +1.21%. Rising interest rates resulted in a negative total return of -1.01% for investment grade corporate bonds in 2021. High yield bonds tightened 63 basis points for the year and generated a positive total return of 5.39%.

Source: Citi Market Snapshot

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Consumer Price Index (MoM)	12/10/21	NOV	0.7%	0.8%	0.9%
Consumer Price Index (YoY)	12/10/21	NOV	6.8%	6.8%	6.2%
Retail Sales Ex. Auto (MoM)	12/15/21	NOV	0.9%	0.3%	1.8% (R)
Consumer Confidence	12/22/21	DEC	111.0	115.8	111.9 (R)
Core PCE (MoM)	12/23/21	NOV	0.4%	0.5%	0.5% (R)
Durables Ex. Transportation	12/23/21	NOV	0.6%	0.8%	0.3% (R)
Change in Nonfarm Payrolls	01/07/22	DEC	419K	-	210K
Unemployment Rate	01/07/22	DEC	4.1%	-	4.2%
Avg. Hourly Earnings (YoY)	01/07/22	DEC	4.2%	-	4.8%

Source: Bloomberg Finance L.P. 12/31/21. 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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