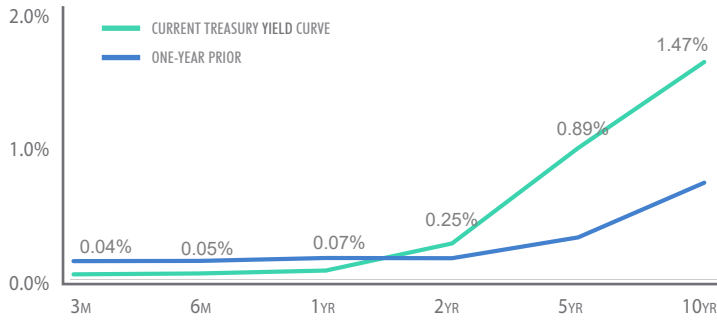




SD FIT MARKET UPDATE

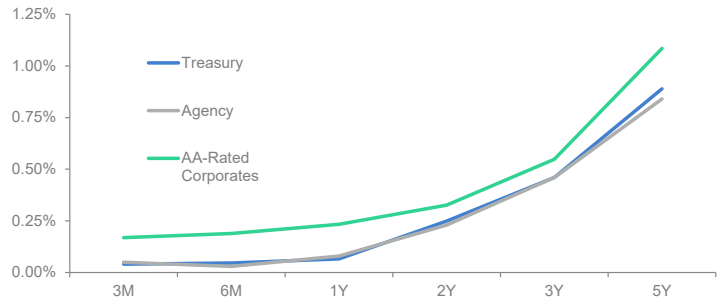
JULY 2021

Historical Treasury Yield Curve



Source: Bloomberg Finance L.P. 6/30/21

Market Yields



Source: Bloomberg Finance L.P. 6/30/21

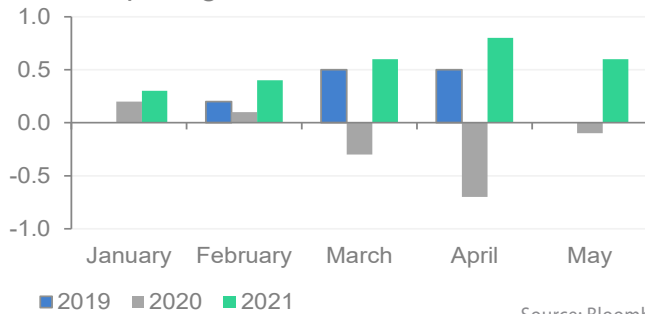
FEATURED MARKET DATA

Is Inflation Transitory?

It seems inflation is on everyone's mind. Consumers are seeing prices rise most everywhere – from the gas pump, to the grocery store and home prices. Year-to-date, CPI has risen 3.3% in 2021 compared to 1.2% in 2019 and -0.8% in 2020. Many members of the Federal Reserve are also talking about inflation risks. The base case for most economists is that rising inflation is transitory and related to supply-chain bottlenecks and low prior year comparables. Nonetheless, markets are watching closely as reopening strains and elevated demand may persist longer than anticipated. If higher prices get built into consumers' expectations, this may add to the upward trend in wage growth.

Source: Bloomberg, Wall Street Journal

Inflation Outpacing Past Two Years



Source: Bloomberg

U.S. Economic Indicators

| Event | Event Date | Period | Survey | Actual | Prior / Revised (R) |
|-------------------------------------------------|------------|--------|--------|--------|---------------------|
| Retail Sales Ex. Auto (MoM) | 06/15/21 | MAY | 0.4% | -0.7% | 0.0% (R) |
| Building Permits | 06/16/21 | MAY | 1,730K | 1,681K | 1,733K (R) |
| Chicago Fed National Activity Index | 06/21/21 | MAY | 0.70 | 0.29 | -0.09 |
| Existing Home Sales | 06/22/21 | MAY | 5.73m | 5.80m | 5.85m |
| Durables Ex. Transportation | 06/24/21 | MAY | 0.7% | 0.3% | 1.7% (R) |
| S&P Case Shiller 20-City Home Price Index (YoY) | 06/29/21 | APR | 14.70% | 14.88% | 13.36% (R) |
| ISM Manufacturing | 07/01/21 | JUN | 60.9 | 60.6 | 61.2 |
| Change in Nonfarm Payrolls | 07/02/21 | JUN | 720K | 850K | 583K (R) |
| Unemployment Rate | 07/02/21 | JUN | 5.6% | 5.9% | 5.8% |

Source: Bloomberg Finance L.P. 7/2/21. Glossary terms on following page.

RECENT NEWS

Markets Moving

While summer is typically a quiet time for markets, bonds and stocks prices were moving in June. A more hawkish tone from the Fed in its June meeting was a large driver of price movement. The Fed signaled an earlier liftoff in 2023 compared to its prior 2024 forecast. This change in expectations along with technical shifts in Fed policy helped move 3-month and 1-year Treasury yields somewhat higher. 10-year Treasury yields declined 12 basis points for the month as investors showed more caution about growth expectations and inflation fears eased. In stock markets, the S&P 500 climbed for the 5th straight month as volatility declined. By historical comparison, volatility remains elevated signaling investors' concerns that risks remain.

Source: Bloomberg, Wall Street Journal

Contact Information

KENT JOHNSON

Senior Vice President, Director-
Minnesota Office
763.497.1490 Ext. 1300
kjohanson@pmanetwork.com

ANGIE STILLWELL

Senior Portfolio Advisor
612.509.2562
astillwell@pmanetwork.com

PMA Financial Network, LLC
5298 Kyler Ave. NE | 2nd Floor | Albertville, MN 55301

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

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, 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 may be done only after client suitability is reviewed and determined. All investments mentioned herein may have varying levels of risk, and may 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.