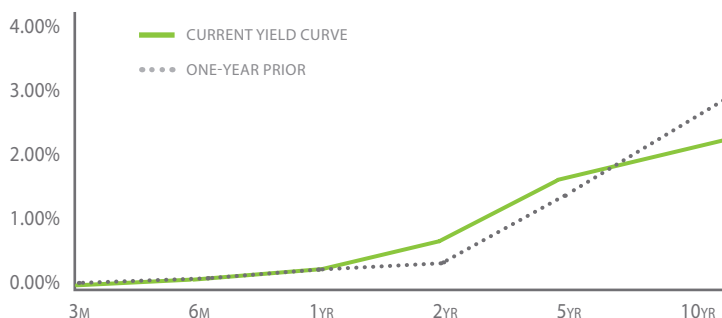


# FL SAFE MARKET UPDATE

Prepared by Prudent Man Advisors, Inc.

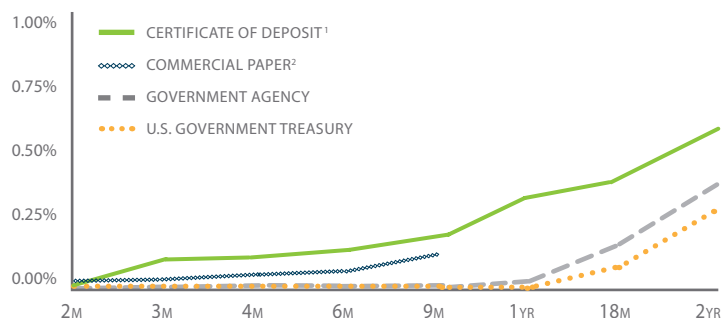
DECEMBER 2014

## Historical Yield Curve



Source: Bloomberg Finance L.P., 12/1/14

## Indicative Rates



<sup>1</sup> Average of top ten banks; <sup>2</sup> General Electric Capital Corp.

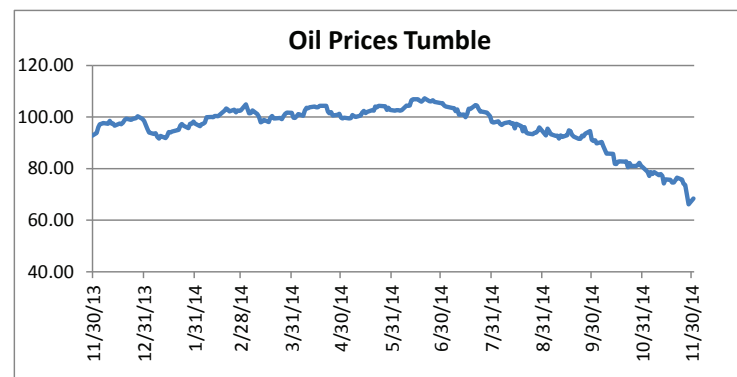
Source: PMA Financial Network, Inc., Bloomberg Finance L.P., 12/1/14

## FEATURED ECONOMIC INDICATOR

### What's Behind Lower Gas Prices

Oil prices fell below \$70 a barrel for the first time since 2010 after the Organization of Petroleum Exporting Countries (OPEC) kept its production ceiling unchanged. OPEC accounts for about 40% of the world's oil supply. U.S. oil production has expanded significantly in recent years on shale oil and deep sea production. OPEC may be intentionally applying pressure to U.S. producers in an effort to reduce U.S. supply during this time in which world demand has declined. Lower oil prices will benefit consumers through cheaper gasoline prices, which should increase spending capacity for consumers. However, decreasing commodity prices are raising fears of deflation, which would be detrimental to world growth.

Source: Bloomberg



Source: Bloomberg

## U.S. Economic Indicators

| Event                               | Event Date | Period | Survey | Actual | Prior / Revised (R) |
|-------------------------------------|------------|--------|--------|--------|---------------------|
| Core CPI (YoY)                      | 11/20/14   | OCT    | 1.7%   | 1.8%   | 1.7%                |
| Existing Home Sales                 | 11/20/14   | OCT    | 5.15M  | 5.26M  | 5.18M (R)           |
| GDP Annualized (QoQ)                | 11/25/14   | 3Q S   | 3.3%   | 3.9%   | 3.5%                |
| S&P Case-Shiller Composite-20 (MoM) | 11/25/14   | SEP    | 4.60%  | 4.90%  | 5.65% (R)           |
| Consumer Confidence                 | 11/25/14   | NOV    | 96.0   | 88.7   | 94.1 (R)            |
| New Home Sales                      | 11/26/14   | OCT    | 471K   | 458K   | 455K (R)            |
| Initial Jobless Claims              | 12/04/14   | NOV 29 | 295K   | -      | 313K                |
| Change in Nonfarm Payrolls          | 12/05/14   | NOV    | 230K   | -      | 214K                |
| Unemployment Rate                   | 12/05/14   | NOV    | 5.8%   | -      | 5.8%                |

Source: Bloomberg Finance L.P., 12/1/14

## RECENT NEWS

### Treasury Yields Fall

The yield on the 10-year Treasury has plummeted to below 2.20% after last closing above 2.50% on September 26. Weaker domestic economic data, low interest rates abroad, a strong U.S. dollar and falling commodity prices have all been cited as reasons for the falling rates. The 2-year Treasury has continued to trend near 0.50% partly reflecting expectations for the Fed to increase interest rates in 2015. However, the 2-year has not traded consistently above 0.50% since 2011 which suggests that markets remain uncertain as to when and by how much the Fed will increase short-term interest rates.

Source: Bloomberg

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