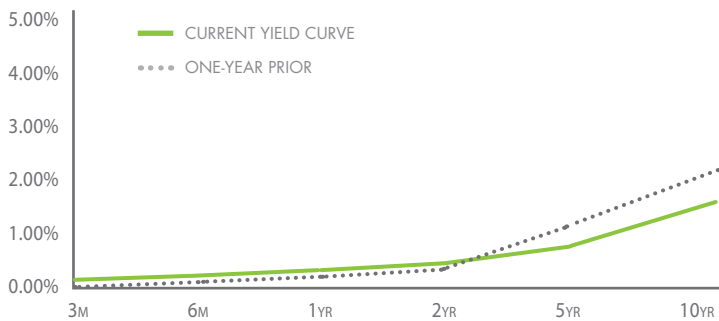


# FL SAFE MARKET UPDATE



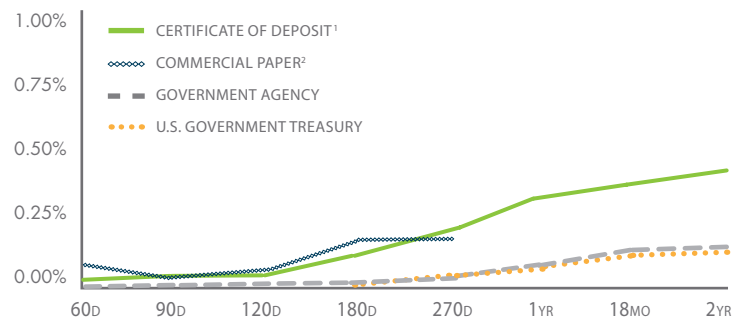
SEPTEMBER 2012

## Historical Yield Curve



Source: Bloomberg Finance L.P., 8/1/12

## Indicative Rates

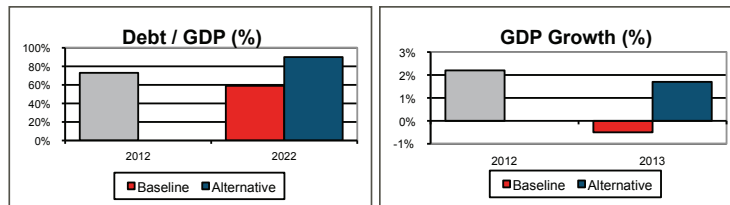


<sup>1</sup> Average of top ten banks; <sup>2</sup> General Electric Capital Corp.  
 Source: PMA Financial Network, Inc., Bloomberg Finance L.P., 9/4/12

## FEATURED ECONOMIC INDICATOR Fiscal Cliff

Fears of a double dip recession in the U.S. were renewed after the Congressional Budget Office (CBO) released a report predicting a contraction in GDP and an increase in unemployment during the first half of 2013 if Congress does not address a number of tax increases and automatic spending cuts, dubbed the "fiscal cliff", which are scheduled to go into effect on January 1. This baseline scenario would hurt the economy in the near term, but the actions would significantly lower the federal budget deficit in 2013 and reduce the federal debt over the next decade. In an alternative scenario presented by the CBO, where current law is changed and certain unpopular measures of the fiscal cliff are avoided, deficit and debt levels would remain unsustainably high. There has been a great deal of criticism of the fiscal cliff with both Democrats and Republicans hoping to come up with an alternative option. However, the prospect for compromise seems dismal as both parties remain deadlocked in this election year.

Sources: Congressional Budget Office, Wall Street Journal



Source: Congressional Budget Office

## U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Existing Home Sales (MoM)	08/22/12	JUL	3.2%	2.3%	-5.4%
Durable Goods Orders Ex. Transportation	08/24/12	JUL	0.5%	-0.4%	-2.2% (R)
S&P Case-Shiller Composite-20 (MoM)	08/28/12	JUN	0.45%	0.94%	0.97% (R)
Consumer Confidence	08/28/12	AUG	66.0	60.6	65.4 (R)
GDP (QoQ)	08/29/12	2Q S	1.7%	1.7%	1.5%
ISM Manufacturing	09/04/12	AUG	50.0	49.6	49.8 (R)
Initial Jobless Claims	09/06/12	SEP 1	370K	-	374K
Change in Nonfarm Payrolls	09/07/12	AUG	127K	-	163K
Unemployment Rate	09/07/12	AUG	8.3%	-	8.3%

Source: Bloomberg Finance L.P., 9/4/12

## RECENT NEWS

### European Crisis Update: New Pressure Begins

A crucial series of meetings and events in the next several weeks is expected to reawaken the two year old debt crisis. On September 6, the European Central Bank (ECB) meets to consider interest rate cuts and discuss plans for a "banking union," a required first step before the Eurozone's rescue fund may be granted the power to bail out struggling banks directly. Such authority is needed to avoid the feedback loop between Spanish banks and Madrid. On September 12, the German constitutional court will rule on the legality of the Eurozone rescue fund and on the same day the Netherlands holds elections in which some lawmakers are advocating a Eurozone pullout. In Greece, the "troika" of inspectors is scheduled to deliver a report in late September or early October. For its part, Greece may request to spread required cuts over an extra two years, but Athens could run out of cash by October unless authorities release more aid. Source: Wall Street Journal

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