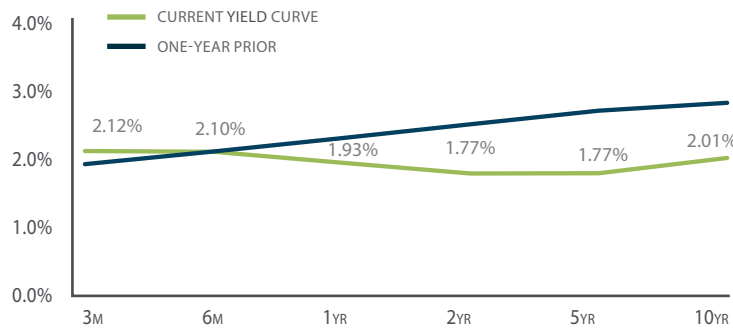


IPRIME MARKET UPDATE

Prepared by Prudent Man Advisors, LLC

JULY 2019

Historical Yield Curve



Source: Bloomberg Finance L.P. 6/30/19

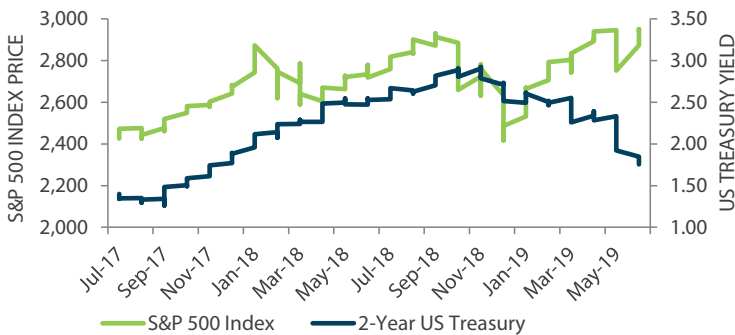
FEATURED MARKET DATA

Stocks and Treasuries Diverge

Stock and bond markets are expressing divergent views of the future. Typically, stock prices and bond yields rise together. Bond yields began to decline in the 4th quarter of 2018 and stocks declined as expected. However, stocks recovered in late December while bond yields have continued to fall. While we believe the fixed income market is likely ahead of the Fed, what's more concerning is the impact, or lack thereof, the yield curve has had equity valuations. Traditional correlations are broken, as risk markets have rallied right alongside their US Treasury risk free counterpart. We expect continued market volatility.

Source: Bloomberg, Prudent Man Advisors

MARKET CORRELATIONS



Source: Bloomberg

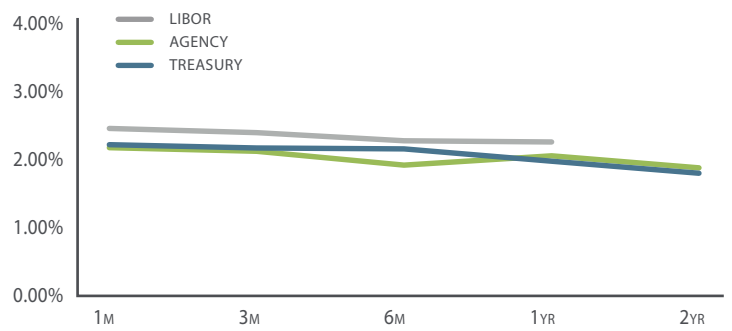
RECENT NEWS

Federal Reserve May Act Preemptively

Speaking at an event in New York on June 25, Federal Reserve Chairman Powell said that many Fed officials believe the case for lower rates "has strengthened." He said Fed officials had believed much of the recent inflation weakness would be temporary, but it now appears that the undershoot "may be more persistent." Given relatively low interest rates, there is less room to cut rates and in this world of lower rates, Powell said it may be better for central banks to "act pre-emptively" and cut interest rates earlier than they typically might.

Source: S&P Global Market Intelligence

Indicative Rates



Source: Bloomberg Finance L.P. 6/30/19. Rates do not reflect transaction fees.

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Retail Sales Ex. Auto	06/14/19	MAY	0.4%	0.5%	0.5% (R)
Building Permits	06/18/19	MAY	1,292K	1,294K	1,290K (R)
Consumer Confidence	06/25/19	JUN	131.0	121.5	131.3 (R)
Durable Goods Orders Ex. Transportation (MoM)	06/26/19	MAY	0.1%	0.3%	-0.1% (R)
PCE Core Deflator (MoM)	06/28/19	MAY	0.2%	0.2%	0.2%
PCE Core Deflator (YoY)	06/28/19	MAY	1.5%	1.6%	1.6%
ISM Manufacturing	07/01/19	JUN	50.1	51.7	52.1
Change in Nonfarm Payrolls	07/05/19	JUN	164K	--	75K
Unemployment Rate	07/05/19	JUN	3.2%	--	3.1%

Source: Bloomberg Finance L.P. 7/1/19

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