

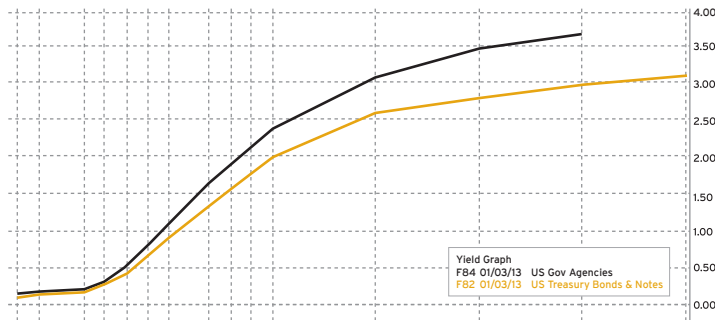


Monthly Economic Update

Jobless Rate Matches a 4-Year Low

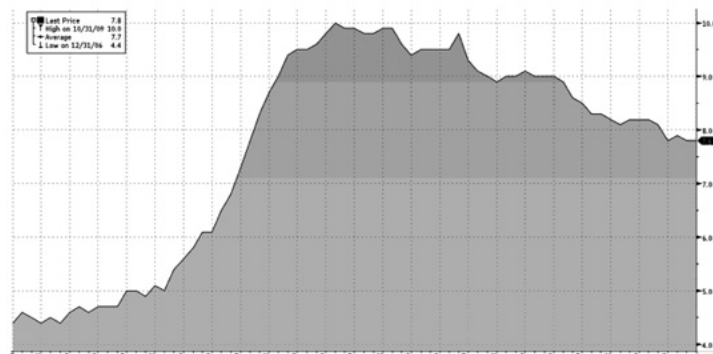
In December, the unemployment rate remained at 7.8 percent after the November figure was revised from its original 7.7 percent. In December, 155,000 jobs were added, following a 161,000 monthly payroll increase in November. Unemployment survey revisions indicate an 8.1 percent average jobless rate for 2012, the lowest in four years. Now that Congress has agreed on a budget deal, lawmakers must negotiate spending reductions and raise the \$16.4 trillion debt ceiling. On December 12th, the FOMC stated it would hold its target rates at exceptionally low levels “at least as long” as the unemployment rate remains above 6.5 percent and inflation outlook is no greater than 2.5 percent.

Yield Curves (Agency vs. Treasury)



Source: Bloomberg

U.S. Unemployment Rate



Source: Department of Labor

Selected Current Economic Data

| DATA | PERIOD | |
|------------------|------------|-----------|
| GDP QoQ | Q3 '12 | 3.1% |
| GDP YoY | Q3 '12 | 2.6% |
| PPI YoY | Nov '12 | 1.5% |
| CPI YoY | Nov '12 | 1.8% |
| Jobless Rate | Dec '12 | 7.8% |
| Fed Funds Target | Dec 12 '12 | 0 - 0.25% |

Source: Bloomberg

Treasury Yields

| TERM | 1/3/13 | 12/27/12 | CHANGE |
|---------|--------|----------|--------|
| 3-Month | 0.09% | 0.06% | 0.03% |
| 6-Month | 0.11% | 0.12% | -0.01% |
| 1-Year | 0.14% | 0.12% | 0.02% |
| 2-Year | 0.27% | 0.27% | 0.00% |
| 5-Year | 0.83% | 0.75% | 0.08% |
| 10-Year | 1.95% | 1.75% | 0.20% |
| 30-Year | 3.17% | 2.92% | 0.25% |

Source: Bloomberg

Agency Yields

| TERM | 1/3/13 | 12/27/12 | CHANGE |
|---------|--------|----------|--------|
| 3-Month | 0.12% | 0.12% | 0.00% |
| 6-Month | 0.14% | 0.16% | -0.02% |
| 1-Year | 0.15% | 0.17% | -0.02% |
| 2-Year | 0.31% | 0.32% | -0.01% |
| 5-Year | 1.05% | 0.98% | 0.07% |
| 10-Year | 2.39% | 2.23% | 0.16% |

Source: Bloomberg

Commercial Paper Yields (A-1/P-1 Dealers)

| TERM | 1/3/13 | 12/27/12 | CHANGE |
|---------|--------|----------|--------|
| 1-Month | 0.20% | 0.21% | -0.01% |
| 3-Month | 0.27% | 0.31% | -0.04% |
| 6-Month | 0.47% | 0.51% | -0.04% |
| 9-Month | 0.54% | 0.57% | -0.03% |

Source: Bloomberg

The opinions expressed are those of the Program Administrator for LAMP, and are subject to change without notice.