



Weekly Review—January 3, 2025

Welcome to 2025! Twenty-five years from when we were all stuck with 10 years' worth of canned goods after the tireless efforts of computer programmers saved us from a technological shutdown. Despite fears of a Skynet-like AI takeover where we become subservient to cyborgs and must survive in a post nuclear war society, we're still here! Now what? What else should we fear? Sure, we continue to have geopolitical conflicts; talk of trade disruptions; horrific violence both on our soil and across the globe; and expectations of elevated inflation and interest rates. Perhaps the most fearful ideology permeating our economy is optimism.

Most of us in the fixed income and financial institution worlds default to a slight pessimism. We are so used to reading and reacting to data releases, scraping some sort of meaning from these oracles which often move in different directions than we expect. We are used to words like "no," "volatility," and "below forecast." We are imprinted with a certain expectation that things will not work out as planned and we must plan for the worst case. We are regulated to such an extent that there is a constant battle of explaining why we do the things we do and consequential updates of policies to maintain safety and soundness. For these reasons and many more, we remain cautious when economic data points to good times. We start looking deeper in the data for any indicator telling us things aren't really this good, or we opine that the good times will not last. We are predictable. We follow patterns, cycles and we are living in another cycle where we fight against the good times so we can complain about the bad times. Alas, there is hope. Hope is rooted in faith that tomorrow will be better than today. Hope is also based on relationships. Hope is rooted in the desire to outperform the market.

Economic indicators this week provide flickers of pessimism in the cost of buying houses and the willingness to apply for mortgages at current rates; however, manufacturing data points to increased productivity. Next week, we will receive data on employment with current expectations to be below previous months. What should we do? How should we prepare our fixed income portfolios in 2025? Reach out to your CMG Investment Representative to help look for hope despite our proclivity for negativity. We truly are here for you, and we look forward to another great year working with each of you. Together, we can be cautiously optimistic.

Have a great weekend!

Matthew Maggi | Senior Vice President | Commerce Bank – Capital Markets Group (CMG)
800 548-2663 matthew.maggi@commercebank.com



NEW ISSUE MUNICIPAL CALENDAR			
Date	Amount (\$)	Description	Maturity
		No new deals in MO or KS this week	

Economic Release	Data Period	Date	Survey	Actual	Prior
MNI Chicago PMI	Dec	12/30/2024	43.0	36.9	40.2
Pending Home Sales MoM	Nov	12/30/2024	0.8%	2.2%	1.8% (rev down)
FHFA House Price Index MoM	Oct	12/31/2024	0.4%	0.4%	0.7%
MBA Mortgage Applications	Dec 20	01/02/2025	NA	-10.7%	-0.7%
MBA Mortgage Applications	Dec 27	01/02/2025	NA	-12.6%	-10.7%
Initial Jobless Claims	Dec 28	01/02/2025	221k	211k	220k (rev up)
Continuing Claims	Dec 21	01/02/2025	1,890k	1,844k	1,896k (rev down)
S&P Global US Manufact. PMI	Dec (F)	01/02/2025	48.3	49.4	48.3
Construction Spending MoM	Nov	01/02/2025	0.3%	0.0%	0.5% (rev up)
ISM Manufacturing	Dec	01/03/2025	48.2	49.3	48.4

KEY INDICES				MUNI AA—BQ		CMO Spreads to Treasuries		
	Current	Last Month	One Year Ago				PAC	Vanilla
Prime Rate	7.50	7.75	8.50	3 Mo.	2.35	1-Year	N/A	+45
Discount Rate	4.50	4.75	5.50	6 Mo.	2.44	2-Year	55	65
Fed Funds Rate	4.33	4.58	5.33	1-Year	2.86	3-Year	75	90
Interest on Reserve Bal.	4.40	4.65	5.40	2-Year	2.81	5-Year	100	110
SOFR	4.40	4.64	5.40	3-Year	2.82	MBS Current Coupon Yields		
11th Dist COFI (ECOFC)	3.04	3.11	3.12	5-Year	2.90	GNMA 30 Yr.	5.77%	
1-Yr. CMT	4.18	4.30	4.80	7-Year	2.96	FNMA 30 Yr.	5.84%	
Dow	42,732.13	44,705.53	37,430.19	10-Year	3.17	FNMA 15 Yr.	5.12%	
NASDAQ	19,621.68	19,480.91	14,592.21	30-Year	4.34			
S&P 500	5,942.47	6,049.88	4,704.81					
Bond Buyer	4.06	4.03	3.31					

Treasuries & New Issue Agencies (Spread to Treasuries)										
	3 Mo.	6 Mo.	1-Yr.	2-Yr.	3-Yr.	5-Yr.	7-Yr	10-Yr	20-Yr	30-Yr
Treasuries	4.29	4.27	4.15	4.25	4.29	4.38	4.48	4.58	4.87	4.80
Bullets				3	0	0	8	15		
NC-6 Mo.				24	35	63	75	83		
NC-1 Year				12	26	49	63	75		
NC-2 Year					7	28	42	54		

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