



The Fed & Monetary Policy...

As part of the Fed's semiannual economic update on Capitol Hill, Fed Chairman Powell told Congress this week that although the Fed remains focused on reducing inflation, their "policy rate is likely at its peak." Powell reiterated previous forward guidance stating that policy makers will likely cut rates this year. As for timing, the Fed Chair said, "we're waiting to become more confident that inflation is moving sustainably at 2% and when we get that confidence – and we're not far from it – it'll be appropriate to begin to dial back the level of restriction." Understanding that forward guidance from the Fed Chair can at times result in increased market volatility, bond market reaction was muted. The short end of the treasury curve was little changed while intermediate and longer-term yields declined slightly. This week's relatively dovish testimony came as expected. The Fed's next policy meeting is scheduled for March 20.

Employment Situation

According to Mohamed El-Erian, chief economic advisor at Allianz, "there was something for everyone in the February employment report." Although non-farm payrolls increased 275k last month – beating street estimates of 200k, previously reported January & December robust job gains were revised materially lower – reduced 167k in total. Marking a two-year high, February's headline unemployment rate increased to 3.9% – up from January's 3.7% & stronger than the forecasted 3.7%. Last month's labor force participation rate of 62.5% came as expected but flat compared to the prior three months. Last year's increases in labor market participation which are generally viewed favorably looks to be running out of steam. In terms of wage growth, average hourly earnings increased less than expected. Bottom line: The jobs market continues to gradually soften giving policy makers support to lower benchmark rates in the coming months.

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
03/11/24	\$3,315,000	City of Raymore, MO Rev	2026 – 2039
03/11/24	\$1,250,000	Maryland Heights, MO Fire Protection District GO BQ	2025 – 2027
03/12/24	\$25,000,000	City of Lee's Summit, MO GO	2026 – 2034
03/13/24	\$40,000,000	Columbia, MO School District GO	2025 – 2044

Economic Release	Data Period	Date	Survey	Actual	Prior
Factory Orders	Jan	03/05/2024	-2.9%	-3.6%	-0.3% (rev down)
Durable Goods Orders	Jan (F)	03/05/2024	-6.1%	-6.2%	-6.1%
MBA Mortgage Applications	Mar 1	03/06/2024	NA	9.7%	-5.6%
ADP Employment Change	Feb	03/06/2024	150k	140k	111k (rev up)
Trade Balance	Jan	03/07/2024	-\$63.5b	-\$67.4b	-\$64.2b (rev down)
Initial Jobless Claims	Mar 2	03/07/2024	216k	217k	217k (rev up)
Continuing Claims	Feb 24	03/07/2024	1,880k	1,906k	1,898k (rev down)
Consumer Credit	Jan	03/07/2024	\$10.000b	\$19.495b	\$0.919b (rev down)
Change in Nonfarm Payrolls	Feb	03/08/2024	200k	275k	229k (rev down)
Unemployment Rate	Feb	03/08/2024	3.7%	3.9%	3.7%

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	8.50	8.50	7.75	3 Mo.	3.10
Discount Rate	5.50	5.50	4.75	6 Mo.	3.26
Fed Funds Rate	5.33	5.33	4.57	1-Year	2.96
Interest on Reserve Bal.	5.40	5.40	4.65	2-Year	2.72
SOFR	5.31	5.31	4.55	3-Year	2.56
11th Dist COFI (ECOFC)	3.15	3.13	2.27	5-Year	2.42
1-Yr. CMT	4.92	4.83	5.22	7-Year	2.43
Dow	38,722.69	38,726.33	32,798.40	10-Year	2.47
NASDAQ	16,085.11	15,793.71	11,576.00	30-Year	3.75
S&P 500	5,123.69	4,997.91	3,992.01		
Bond Buyer	3.52	3.34	3.73		

Treasuries & New Issue Agencies (Spread to Treasuries)						CMO Spreads to Treasuries		
	Treasuries	Bullets	NC-6 Mo.	NC-1 Year	NC- 2 Year		PAC	Vanilla
3 Mo. Bill	5.38					1-Year	N/A	+50
6 Mo. Bill	5.29					2-Year	60	70
1-Year Bill	4.92					3-Year	90	95
2-Year Note	4.48	1	81	81		5-Year	105	118
3-Year Note	4.25	2	85	82	81			
5-Year Note	4.06	3	98	94	86			
7-Year Note	4.08	18	106	99	89			
10-Year Note	4.09	27	120	111	99			
20-Year Bond	4.36							
30-Year Bond	4.26							

MBS Current Coupon Yields	
GNMA 30 Yr.	5.37%
FNMA 30 Yr.	5.47%
FNMA 15 Yr.	4.92%

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