Weekly Review—March 15, 2024

Beware of the Ides of March…historically, the Ides fell on the first full moon of the month of the Roman's lunar calendar, usually around the 15th. Artistically, we know of the Ides from Shakespeare's play Julius Caesar. On this the 15th of March in the year 2024 we might feel as though the Ides are an omen of bad things to come. Inflation (Julius Caeser) remains in power and seems unwilling to relent, while the markets (Brutus) might be conspiring to retake control!

Okay, maybe that is a little too dramatic, but perhaps I was scarred for life having to play Romeo in my freshman English class. This week, we saw the release of the February CPI and PPI inflation data. Both sent signals that while inflation continues to move lower, it is not doing so in a straight line. This movement slightly higher has provided a little more credibility to the FOMC's wait-and-see attitude as they require more data prior to executing their first rate cut. The release of the data this week (see the back page of this commentary) caused both the Fed Funds futures market and the bond market to dial back their revolt. At time of writing, the futures market for Fed Funds projects only 3.5 cuts by next January with the first action to take place possibly in July or September. If you look at the chart below (rates from Treasury.gov, compiled by author), bond yields have come back up for the longer tenors. This drama appears to be moving toward a reluctant acceptance that the FOMC will not lower rates rapidly nor soon.

A quiet conspirer waiting in the wings may be the US consumers' growing and difficult-to-manage debt levels – over $1.1T. Could this be the impetus which forces the hand of the FOMC to move sooner? The final act may be approaching, but it looks like we have an intermission until more characters (data) show up with their lines.

Have a great weekend!

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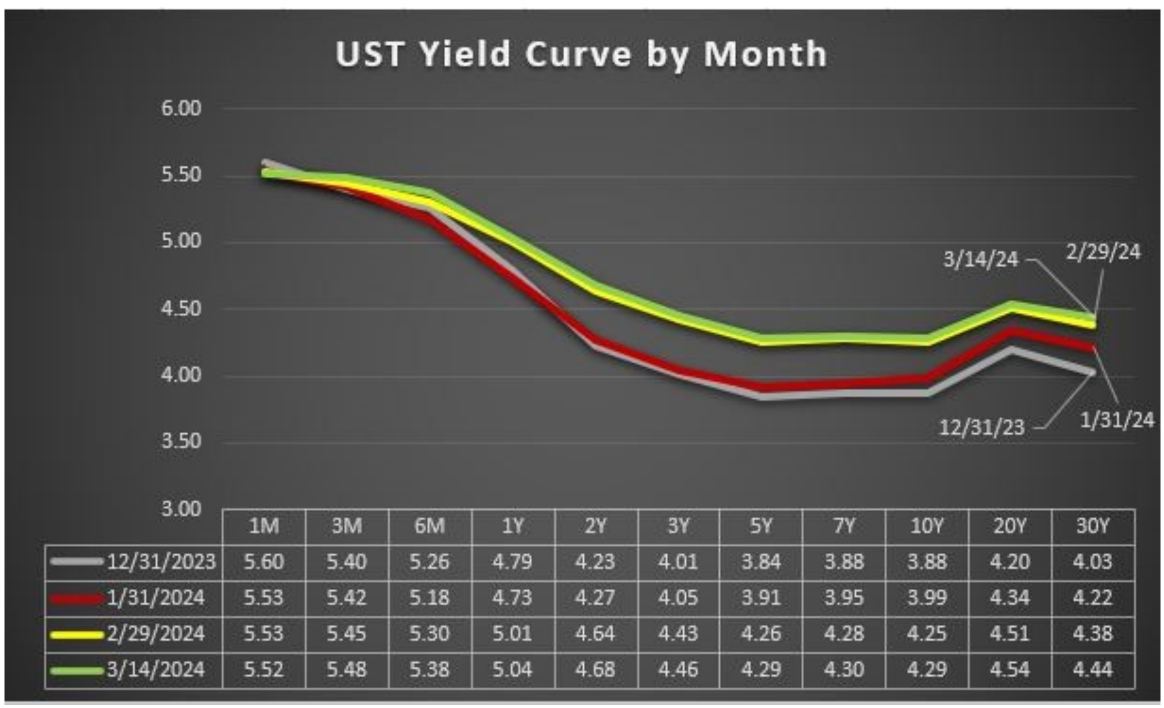

NEW ISSUE MUNICIPAL CALENDAR			
Date	Amount ($)	Description	Maturity
03/18/24 – 03/22/24		No Local Issues this week	

Economic Release	Data Period	Date	Survey	Actual	Prior
CPI MoM	Feb	03/12/2024	0.4%	0.4%	0.3%
CPI YoY	Feb	03/12/2024	3.1%	3.2%	3.1%
MBA Mortgage Applications	Mar 8	03/13/2024	NA	7.1%	9.7%
PPI Final Demand MoM	Feb	03/14/2024	0.3%	0.6%	0.3%
PPI Final Demand YoY	Feb	03/14/2024	1.2%	1.6%	1.0% (rev up)
Retail Sales Advance MoM	Feb	03/14/2024	0.8%	0.6%	-1.1% (rev down)
Initial Jobless Claims	Mar 9	03/14/2024	218k	209k	210k (rev down)
Empire Manufacturing	Mar	03/15/2024	-7.0	-20.9	-2.4
Industrial Production MoM	Feb	03/15/2024	0.0%	0.1%	-0.5%(rev down)
U. of Mich. Sentiment	Mar (P)	03/15/2024	77.1	76.5	76.9

KEY INDICES

	Current	Last Month	One Year Ago
Prime Rate	8.50	8.50	7.75
Discount Rate	5.50	5.50	4.75
Fed Funds Rate	5.33	5.33	4.58
Interest on Reserve Bal.	5.40	5.40	4.65
SOFR	5.31	5.30	4.55
11th Dist COFI (ECOFC)	3.15	3.13	2.27
1-Yr. CMT	5.04	4.94	4.45
Dow	38,714.77	38,773.12	31,874.57
NASDAQ	15,973.18	15,906.17	11,434.05
S&P 500	5,117.09	5,029.73	3,891.93
Bond Buyer	3.52	3.49	3.57

MUNI AA—BQ

3 Mo.	3.15
6 Mo.	3.31
1-Year	3.01
2-Year	2.79
3-Year	2.63
5-Year	2.47
7-Year	2.48
10-Year	2.52
30-Year	3.80

Treasuries & New Issue Agencies *(Spread to Treasuries)*

	Treasuries	Bullets	NC-6 Mo.	NC-1 Year	NC- 2 Year
3 Mo. Bill	5.38				
6 Mo. Bill	5.32				
1-Year Bill	5.07				
2-Year Note	4.71	2	81	80	
3-Year Note	4.50	5	84	81	80
5-Year Note	4.32	3	98	94	86
7-Year Note	4.32	8	105	98	88
10-Year Note	4.30	26	120	111	99
20-Year Bond	4.55				
30-Year Bond	4.43				

CMO Spreads to Treasuries

	PAC	Vanilla
1-Year	N/A	+50
2-Year	60	70
3-Year	90	105
5-Year	110	120

MBS Current Coupon Yields

GNMA 30 Yr.	5.68%
FNMA 30 Yr.	5.72%
FNMA 15 Yr.	5.14%

The Weekly Review is a publication of the Capital Markets Group of Commerce Bank.