



Policy makers have repeatedly stated that they want to see more evidence that inflation is sustainably trending lower towards their 2% goal before easing benchmark rates. Today's release of the Fed's preferred inflation gauge – Personal Consumption Expenditures (PCE) – showed that headline and core inflation both slowed to 0.3% in February vs. January's 0.4% & 0.5%, respectively. Year-over-year headline inflation increased 2.5% – up slightly from January's 2.4% – while core inflation of 2.8% eased slightly from January's 2.9%. February's inflation numbers came as expected. Based on this round of inflation news, the Fed will have little reason to ease policy "sooner than later." The market continues to price in three rate cuts this year with the first starting in July.

Shifting to economic growth – the third and final revision of 4QTR23 GDP showed that the economy expanded 3.4%. For the year, the economy grew at a 2.5% annualized pace. While last year's economic momentum is expected to carry into the first half of this year, concerns are mounting that the consumer-driven economy could materially slow as consumer spending declines. At 3.6%, the personal savings rate (as a percentage of disposable income) continues to decline and is well off its pre-pandemic ten-year average of 6.1%. Credit card debt continues to increase marking new 20-year highs nearly every month. The increase in auto loan & credit card delinquencies – both near their respective 12-year highs – show signs of increased financial stress. A stressed consumer eventually stops spending money! According to the street, consumer spending is expected to decelerate to an annualized quarter-over-quarter rate of 1.4% – less than half of 4QTR23's 3% – by fourth quarter.

While the Fed continues to talk tough about its current mission to reduced inflation, their focus will gradually shift more towards the economy (via the employment situation) and less on inflation. The latest jobs numbers will be released next week – stay tuned.

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
04/02/2024	\$14,295,000	Lawrence, KS GO – Rated Aa1/	2025 – 2044

Economic Release	Data Period	Date	Survey	Actual	Prior
New Homes Sales MoM	Feb	03/25/2024	2.3%	-0.3%	1.5% (rev up)
Durable Goods Orders	Feb	03/26/2024	1.0%	1.4%	-6.2% (rev down)
Conf. Consumer Confidence	Mar	03/26/2024	107	104.7	106.7 (rev down)
MBA Mortgage Applications	Mar 22	03/27/2024	NA	-0.7%	-1.6%
GDP Annualized QoQ	4Q T	03/28/2024	3.2%	3.4%	3.2%
Initial Jobless Claims	Mar 23	03/28/2024	212k	210k	210k (rev up)
U. of Michigan Sentiment	Mar F	03/28/2024	76.5	79.4	76.5
MNI Chicago PMI	Mar	03/28/2024	46.0	41.4	44.0
Personal Income	Feb	03/29/2024	0.4%	0.3%	1.0%
Personal Spending	Feb	03/29/2024	0.5%	0.8%	0.2%

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	8.50	8.50	8.00	3 Mo.	3.39
Discount Rate	5.50	5.50	5.00	6 Mo.	3.55
Fed Funds Rate	5.33	5.33	4.83	1-Year	3.25
Interest on Reserve Bal.	5.40	5.40	4.90	2-Year	2.98
SOFR	5.33	5.31	4.81	3-Year	2.79
11th Dist COFI (ECOFC)	3.16	3.15	2.27	5-Year	2.56
1-Yr. CMT	5.03	5.00	4.55	7-Year	2.54
Dow	39,807.37	38,996.39	32,717.60	10-Year	2.58
NASDAQ	16,379.46	16,091.92	11,926.24	30-Year	3.86
S&P 500	5,254.35	5,096.27	4,027.81		
Bond Buyer	3.58	3.54	3.50		

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	5.36					1-Year	N/A	+50
6 Mo. Bill	5.31					2-Year	60	70
1-Year Bill	5.02					3-Year	85	105
2-Year Note	4.62	5	81	80		5-Year	105	115
3-Year Note	4.40	5	82	81	80			
5-Year Note	4.21	4	97	94	86			
7-Year Note	4.20	15	105	98	88			
10-Year Note	4.20	27	120	111	99			
20-Year Bond	4.45							
30-Year Bond	4.34							

MBS Current Coupon Yields		
GNMA 30 Yr.		5.45%
FNMA 30 Yr.		5.57%
FNMA 15 Yr.		4.94%

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