



Weekly Review—April 26, 2024

*What a difference a day makes...*Thursday. 7:30am CST. GDP. The surprise of a lower-than-expected GDP release sent the bond market into another sell off. The advance, or initial release of 1Q 2024 GDP was expected to be around 2.5% but came in at 1.6%, almost a full percentage point lower. Typically, this would result in a fixed income rally (higher prices, lower yields). However, interest rates pushed back toward what seems to be the latest resistance level for bond yields: 5.00%. The component of the release on Thursday which contributed to the opposite reaction in yields was the GDP Price Index of 3.1% versus the expected 3.00%. This is inflationary in nature which helps explain the rise in yields. Yesterday, the two-year yield pushed and pushed but remained just under 5% at 4.99%. The 10-year pushed above 4.70%. This morning we saw Personal Income come in as expected at 0.5% and Personal Spending come in higher at 0.8% versus the estimate of 0.6%. But the number of the day was the PCE Core Deflator YoY of 2.8%, unchanged from February's measurement. The bond market is attempting to figure out the right level of interest rates after the episode of stubborn inflation is on rerun while the US consumer continues spending.

*I'm running down the road trying to loosen my load...*I don't know about you, but I feel like I have been super busy over the last 6-9 months. I look at my work and personal calendars each day to make sure I don't forget what I am scheduled to do. I have so many commitments I do not and cannot look too far ahead lest I might forget about an obligation that day. In a way, I feel like a microcosm of the US consumer. I continue to do what I have been doing: spending resources without a real focus on possible consequences. But you see, this is the conundrum of our lives: All we really have is the present. We cannot change our past and we cannot control our future (despite the hubris we feel at times). All we have is now. So, focusing on today, this moment is actually okay. What we do with our moments is what counts. The consumer continues to spend, and I will continue to try and help as many people as possible. I don't know about you, but I think I'll try to "Take it easy" a little more so each moment lasts a little longer. But if the US consumer chooses to do that, we might see a real economic slowdown.

*The moment, you own it, you better never let it go...*While we cannot control the future, we do have goals. Over the past year, I have met some personal goals. I lost weight, I started running again, completed my first half marathon in the town I live. Since then, I ran in two more, have two more half marathons before I begin training for my first marathon. I know, I sound crazy – especially at my vintage. But for me it is the culmination of several important moments. Isn't that what our lives consist of? That is why each of us does what we do. That is why each member of our group shows up each day – to work with you, our clients. While it may seem like our interactions are just part of your and our daily tasks, it is much more than that. Working with you makes each moment of our day so much more enjoyable. Let's help each other make the most of the time we spend together. Talk with you soon.

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
04/30/2024	26,220,000	City of Andover KS GO	2025 - 2044

Economic Release	Data Period	Date	Survey	Actual	Prior
S&P Global US Manufact. PMI	Apr (P)	04/23/2024	52.0	49.9	51.9
New Home Sales	Mar	04/23/2024	668k	693k	637k (rev down)
MBA Mortgage Applications	Apr 19	04/24/2024	NA	-2.7%	3.3%
Durable Goods Orders	Mar (P)	04/24/2024	2.5%	2.6%	0.7% (rev down)
GDP Annualized QoQ	1Q (A)	04/25/2024	2.5%	1.6%	3.4%
Initial Jobless Claims	Apr 20	04/25/2024	215k	207k	212k
Personal Income	Mar	04/26/2024	0.5%	0.5%	0.3%
Personal Spending	Mar	04/26/2024	0.6%	0.8%	0.8%
PCE Core Deflator YoY	Mar	04/26/2024	2.7%	2.8%	2.8%
U. of Mich. Sentiment	Apr (F)	04/26/2024	77.9	77.2	77.9

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	8.50	8.50	8.00	3 Mo.	3.66
Discount Rate	5.50	5.50	5.00	6 Mo.	3.82
Fed Funds Rate	5.33	5.33	4.83	1-Year	3.52
Interest on Reserve Bal.	5.40	5.40	4.90	2-Year	3.23
SOFR	5.31	5.31	4.80	3-Year	3.07
11th Dist COFI (ECOFC)	3.16	3.15	2.41	5-Year	2.87
1-Yr. CMT	5.21	5.00	4.60	7-Year	2.84
Dow	38,239.66	39,282.33	33,301.87	10-Year	2.88
NASDAQ	15,927.90	16,315.70	11,854.35	30-Year	4.14
S&P 500	5,099.96	5,203.58	4,055.99		
Bond Buyer	4.07	3.55	3.53		

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	5.39					1-Year	N/A	+50
6 Mo. Bill	5.37					2-Year	60	70
1-Year Bill	5.19					3-Year	90	115
2-Year Note	4.98	4	81	80		5-Year	110	125
3-Year Note	4.82	4	82	81	80			
5-Year Note	4.68	4	97	94	89			
7-Year Note	4.68	16	104	98	88			
10-Year Note	4.67	27	119	110	99			
20-Year Bond	4.90							
30-Year Bond	4.78							

MBS Current Coupon Yields	
GNMA 30 Yr.	5.89%
FNMA 30 Yr.	6.11%
FNMA 15 Yr.	5.52%

If you no longer wish to receive this weekly review, please send an email to CapitalMarketsGroup@commercebank.com

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

The opinions expressed herein reflect that of the author and are not a complete analysis of every material fact respecting any company, industry, or security. The author's opinions do not necessarily reflect that of Commerce Bank or its affiliates. Information contained herein is from sources deemed reliable but cannot be guaranteed. Prices and/or yields are subject to change and investments are subject to availability. CDs are direct financial obligations of the issuing financial institution and are not, either directly or indirectly, an obligation of Commerce Bank. The information provided is not an official trade confirmation or account statement. The Capital Markets Group (CMG) of Commerce Bank is not acting as your 'municipal advisor' within the meaning of Section 15B of the Securities Exchange Act, and does not act in a fiduciary capacity. CMG does not provide tax advice; please refer to your tax professional. Investments in securities are NOT FDIC Insured; NOT Bank-Guaranteed and May Lose Value.



commercebank.com