



Weekly Review—May 17, 2024

Sometimes I feel like I work at the Impossible Mission Force (IMF) from the Mission Impossible series and films. While my life is not in danger, the mission of interpreting economic data and what it portends for future market expectations can feel daunting. Thankfully, I, like the IMF, can rely upon a team of great thinkers both from internal (see Points to Ponder) and external sources.

This week, the PPI and CPI data were released, and the overall market reactions were muted with only slightly lower interest rates from last week (i.e., the US 10-year bond has been trading around 4.40%, down around 10 basis points from last Friday's level). CPI MoM came in at 0.3% versus estimates of 0.4% while CPI YoY matched estimates of 3.4%. Rents continue to apply the most pressure on price levels; however, the largest increase on a percentage basis came from an over 20% increase in Auto Insurance. Explanations for this increase included the higher costs of repairs and parts, but I cannot help but wonder if while insurance providers were out driving to work, they saw a significant number of drivers racing from lane to lane as if they were on a high-speed chase with a villain of great renown!

Some of you know that my second career is that of an Adjunct at a local university. In that vein, I have some reading assignments for your mission (if you choose to accept it):

Andrea J. Caceres-Santamaria, "Exploring the Dynamics of Unemployment," *Page One Economics®*, May 2024 from the St Louis Federal Reserve's website.

Christopher J. Neely, "Measuring Inflation: Headline, Core and "Supercore" Services," *On The Economy Blog®*, May 3, 2024 from the St Louis Federal Reserve's website.

Armantier, Olivier, and Charles Holt. 2024. "Can Discount Window Stigma Be Cured? An Experimental Investigation." Federal Reserve Bank of New York Staff Reports, no. 1103, April. <https://doi.org/10.59576/sr.1103>

I realize I am no Tom Cruise or even Peter Graves; however, I do get the chance to yell, "Mission Accomplished!" at the top of my lungs occasionally. Even though the task of reading the proverbial tea leaves of economic indicators may seem impossible, for you dear readers, I gladly choose to accept this mission. We should expect further volatility in the bond markets until the FOMC begins to make their next move – even if that move looks like standing still.

Have a nice 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
05/20/2024	1,365,000	Goddard, KS GO Temp Notes 2024 - 2	2027



commercebank.com

Economic Release	Data Period	Date	Survey	Actual	Prior
PPI Final Demand MoM	Apr	05/14/2024	0.3%	0.5%	-0.1% (rev down)
MBA Mortgage Applications	May 10	05/15/2024	NA	0.5%	2.6%
Empire Manufacturing	May	05/15/2024	-10.0	-15.6	-14.3
CPI MoM	Apr	05/15/2024	0.4%	0.3%	0.4%
CPI YoY	Apr	05/15/2024	3.4%	3.4%	3.5%
Retail Sales Advance MoM	Apr	05/15/2024	0.4%	0.0%	0.6% (rev down)
Initial Jobless Claims	May 11	05/16/2024	220k	222k	232k (rev up)
Housing Starts	Apr	05/16/2024	7.6%	5.7%	-16.8% (rev down)
Industrial Production MoM	Apr	05/16/2024	0.1%	0.0%	0.1% (rev down)
Leading Index	Apr	05/17/2024	-0.3%	-0.6%	-0.3%

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	8.50	8.50	8.25	3 Mo.	3.36
Discount Rate	5.50	5.50	5.25	6 Mo.	3.52
Fed Funds Rate	5.33	5.33	5.08	1-Year	3.22
Interest on Reserve Bal.	5.40	5.40	5.15	2-Year	3.08
SOFR	5.31	5.31	5.05	3-Year	2.93
11th Dist COFI (ECOFC)	3.16	3.16	2.51	5-Year	2.78
1-Yr. CMT	5.14	5.18	4.88	7-Year	2.78
Dow	40,003.59	37,753.31	33,420.77	10-Year	2.82
NASDAQ	16,685.97	15,683.37	12,500.57	30-Year	3.94
S&P 500	5,303.27	5,022.21	4,158.77		
Bond Buyer	3.93	3.76	3.59		

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	5.36					2-Year	60	70
1-Year Bill	5.13					3-Year	85	100
2-Year Note	4.82	3	77	76		5-Year	105	110
3-Year Note	4.60	6	81	80	79			
5-Year Note	4.44	5	99	96	91			
7-Year Note	4.43	18	104	98	88			
10-Year Note	4.42	28	125	115	105			
20-Year Bond	4.66							
30-Year Bond	4.56							

MBS Current Coupon Yields	
GNMA 30 Yr.	5.60%
FNMA 30 Yr.	5.78%
FNMA 15 Yr.	5.14%

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