



## Weekly Review—May 31, 2024

Economic growth in the first quarter grew slower than initially reported, largely due to softer consumer spending. Based on updated data, gross domestic product (GDP) rose 1.3% annualized in the first three months of the year, below the previous estimate of 1.6%, according to the Bureau of Economic Analysis. The economy's primary driver of overall growth – personal spending – increased only 2.0%, versus the previous estimate of 2.5%. Compared to last year's third and fourth quarter growth of 4.9% and 3.4%, respectively, first quarter's growth of 1.3% underscores the loss of momentum to start 2024. High interest rates, waning pandemic-era savings and slower income growth continue to weigh on households and businesses.

Data released from the Federal Reserve of NY this week showed that consumer spending appears to be funded by increased borrowings – specifically credit cards. Both, outstanding credit card debt and credit card rates hover at or near their respective thirty-year highs. As for our younger folks – Gen Z – nearly one in seven are maxing out their credit cards every month. Like volumes, unfortunately credit card delinquencies are concerning high. At 8.9%, 30 or more-day delinquencies have increased to levels not seen since 2011 while longer term delinquencies (90+ days late) increased in the first quarter to 10.7% – marking a ten year high. Bottom line: Warning signs regarding the economic outlook are starting to flash. At some point, an over-leveraged consumer will be forced to live within their means.

Shifting to inflation – The Fed's preferred inflation gauge – Personal Consumption Expenditures (PCE) – showed that headline and core inflation increased 0.3% and 0.2%, respectively, in April, as expected. Year-over-year headline inflation increased 2.7% while YOY core inflation grew at a 2.8% annualized rate. Both were unchanged from last month's readings and met street consensus. This week's inflation news will likely be viewed as favorable by the Fed as this round of data showed signs that inflationary pressures are waning.

As a heads-up, our next Weekly Commentary will be published on Thursday, June 13.

Dennis Zimmerman Jr.  
Senior Vice President  
Senior Manager – Asset/Liability Services  
Commerce Bank – Capital Markets Group (CMG)



### NEW ISSUE MUNICIPAL CALENDAR

| Date       | Amount (\$) | Description                                    | Maturity    |
|------------|-------------|------------------------------------------------|-------------|
| 06/03/2024 | 10,650,000  | Maize, KS Temp Notes GO                        | 2027        |
| 06/04/2024 | 8,500,000   | Shawnee Heights KS Fire Protection District GO | 2025 - 2054 |
| 06/04/2024 | 20,000,000  | Saint Joseph MO School District GO             | 2026 - 2031 |

| Economic Release             | Data Period | Date       | Survey | Actual | Prior           |
|------------------------------|-------------|------------|--------|--------|-----------------|
| Conf. Board Consumer Confid. | May         | 05/28/2024 | 96.0   | 102.0  | 97.5 (rev up)   |
| MBA Mortgage Applications    | May 24      | 05/29/2024 | NA     | -5.7%  | 1.9%            |
| GDP Annualized QoQ           | 1Q (S)      | 05/30/2024 | 1.3%   | 1.3%   | 1.6%            |
| Initial Jobless Claims       | May 25      | 05/30/2024 | 217k   | 219k   | 216k (rev up)   |
| Pending Home Sales MoM       | Apr         | 05/30/2024 | -1.0%  | -7.7%  | 3.6% (rev up)   |
| Personal Income              | Apr         | 05/31/2024 | 0.3%   | 0.3%   | 0.5%            |
| Personal Spending            | Apr         | 05/31/2024 | 0.3%   | 0.2%   | 0.7% (rev down) |
| PCE Core Deflator MoM        | Apr         | 05/31/2024 | 0.3%   | 0.3%   | 0.3%            |
| PCE Core Deflator YoY        | Apr         | 05/31/2024 | 2.7%   | 2.8%   | 2.7%            |
| MNI Chicago PMI              | May         | 05/31/2024 | 41.1   | 2.8%   | 37.9            |

| KEY INDICES              |           |            |              | MUNI AA—BQ |      |
|--------------------------|-----------|------------|--------------|------------|------|
|                          | Current   | Last Month | One Year Ago |            |      |
| Prime Rate               | 8.5       | 8.50       | 8.25         | 3 Mo.      | 3.59 |
| Discount Rate            | 5.50      | 5.50       | 5.25         | 6 Mo.      | 3.75 |
| Fed Funds Rate           | 5.33      | 5.33       | 5.08         | 1-Year     | 3.45 |
| Interest on Reserve Bal. | 5.40      | 5.40       | 5.15         | 2-Year     | 3.39 |
| SOFR                     | 5.33      | 5.34       | 5.06         | 3-Year     | 3.26 |
| 11th Dist COFI (ECOFC)   | 3.16      | 3.16       | 2.51         | 5-Year     | 3.19 |
| 1-Yr. CMT                | 5.18      | 5.25       | 5.22         | 7-Year     | 3.19 |
| Dow                      | 38,686.32 | 37,815.92  | 32,908.27    | 10-Year    | 3.21 |
| NASDAQ                   | 16,735.02 | 15,657.82  | 12,935.29    | 30-Year    | 4.17 |
| S&P 500                  | 5,227.51  | 5,035.69   | 4,179.83     |            |      |
| Bond Buyer               | 4.13      | 4.07       | 3.67         |            |      |

| 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                                             | 5.36       |         |          |           |            | 2-Year                    | 60  | 70      |
| 1-Year Bill                                            | 5.16       |         |          |           |            | 3-Year                    | 85  | 100     |
| 2-Year Note                                            | 4.88       | 6       | 70       | 69        |            | 5-Year                    | 105 | 110     |
| 3-Year Note                                            | 4.68       | 6       | 75       | 74        | 50         |                           |     |         |
| 5-Year Note                                            | 4.51       | 6       | 108      | 104       | 86         |                           |     |         |
| 7-Year Note                                            | 4.50       | 19      | 110      | 107       | 91         |                           |     |         |
| 10-Year Note                                           | 4.49       | 31      | 132      | 123       | 109        |                           |     |         |
| 20-Year Bond                                           | 4.71       |         |          |           |            |                           |     |         |
| 30-Year Bond                                           | 4.63       |         |          |           |            |                           |     |         |

| MBS Current Coupon Yields |  |       |
|---------------------------|--|-------|
| GNMA 30 Yr.               |  | 5.71% |
| FNMA 30 Yr.               |  | 5.88% |
| FNMA 15 Yr.               |  | 5.30% |

\*\*\*If you no longer wish to receive this weekly review, please send an email to [CapitalMarketsGroup@commercebank.com](mailto: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](https://commercebank.com)