Capital Markets Group

Weekly Review—August 25, 2023

*Reunited and it feels so good…*Over the past two weeks I met with several customers, co-workers, and friends. It has been a fantastic experience, meeting, eating, and talking with people that I have not seen in a long time – some in almost a decade. These visits consisted of talking about what is going to happen with the economy, banking, and our lives. The conversations were very real to me, connections that made a difference in my life. This is the reward for traveling, this is what brings me happiness: helping others while allowing them to help me. This takes away the stresses of being on time to each meeting, the worries about being able to say the right thing; all anxiety goes away when we smile and laugh together. This kind of positive outlook appears to be taking over the narrative of a doom & gloom economic future that this writer has been expecting for over a year.

*Sailing, take me away…*We look westward, over the plains to the mountains this week to hear Chair Powell speak today from Jackson Hole. Seeing the correspondents wearing flannel shirts, down vests, and hats makes me long for late-Fall weather instead of the current conditions here in Kansas City (insert Napoleon Dynamite exclamation "Lucky"). Growing expectations that the FOMC will execute a soft landing permeate the headlines and are evoking the triumphs of Alan Greenspan's soft landing versus last year's nod to Paul Volcker's anything-it-takes mantra. An article by Bloomberg's Anna Wong on the terminal today nicely summarizes this transition in thinking. She argues that Powell and the FOMC will adopt a wait and see attitude just like Greenspan did when deciding on its next policy move. Waiting is one of the hardest things we experience, impatience can cause little to huge mistakes. As we wait to hear from Powell, the markets are doing their best to remain patient.

*Summer breeze makes me feel fine…*As we say goodbye to Summer, we must be patient with our investing, our actions, and our decisions. Today, I invoked some Soft-Rock classics to help prepare us for a soft-landing in the economy. For all our sakes, I hope this happens, but part of me wants it to happen for the man in Wyoming; then, he can tip his Stetson to the people of the world and ride off into the sunset.

Have a great weekend!

Article referenced is entitled US Preview: Powell to Cite Greenspan, Not Volcker in Wyoming by Anna Wong of Bloomberg.

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NEW ISSUE MUNICIPAL CALENDAR			
Date	Amount ($)	Description	Maturity
08/30/2023	$27,370,000	VLY CTR KS -1 TEMP NTS UT GO SP1-+	2025

Economic Release	Data Period	Date	Survey	Actual	Prior
Existing Homes Sales	Jul	08/22/2023	4.15m	4.07m	4.16m
MBA Mortgage Applications	Aug 18	08/23/2023	NA	-4.2%	-3.3%
S&P Global US Composite PMI	Aug (P)	08/23/2023	51.5	50.4	52.0
S&P Global US Manufact. PMI	Aug (P)	08/23/2023	49.0	47.0	49.0
S&P Global US Services PMI	Aug (P)	08/23/2023	52.2	51.0	52.3
New Homes Sales	Jul	08/23/2023	703k	714k	684k (rev down)
Initial Jobless Claims	Aug 19	08/24/2023	240k	230k	240k (rev up)
Continuing Claims	Aug 12	08/24/2023	1705k	1702k	1711k (rev down)
Durable Goods Orders	July (P)	08/24/2023	-4.0%	-5.2%	4.4% (rev down)
U. of Mich. Sentiment	Aug (F)	08/25/2023	71.2	69.5	71.2

KEY INDICES

	Current	Last Month	One Year Ago
Prime Rate	8.50	8.25	5.50
Discount Rate	5.50	5.25	2.50
Fed Funds Rate	5.33	5.08	2.33
Interest on Reserve Bal.	5.40	5.15	2.40
SOFR	5.30	5.05	2.27
11th Dist COFI (ECOFC)	2.82	2.73	0.66
1-Yr. CMT	5.44	5.38	3.35
Dow	34,346.90	35,438.07	33,291.78
NASDAQ	13,590.65	14.144.56	12,639.27
S&P 500	4,405.71	4,567.46	4,199.12
Bond Buyer	3.84	3.57	3.59

MUNI AA—BQ

3 Mo.	2.92
6 Mo.	3.02
1-Year	3.30
2-Year	3.22
3-Year	3.10
5-Year	2.99
7-Year	2.98
10-Year	3.07
30-Year	4.22

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

	Treasuries	Bullets	NC-6 Mo.	NC-1 Year	NC- 2 Year
3 Mo. Bill	5.46				
6 Mo. Bill	5.54				
1-Year Bill	5.44				
2-Year Note	5.07	2	82	82	
3-Year Note	4.75	9	85	82	81
5-Year Note	4.46	9	98	94	86
7-Year Note	4.38	12	106	98	88
10-Year Note	4.25	45	120	111	99
20-Year Bond	4.50				
30-Year Bond	4.29				

CMO Spreads to Treasuries

	PAC	Vanilla
1-Year	N/A	+55
2-Year	60	75
3-Year	95	125
5-Year	120	150

MBS Current Coupon Yields

GNMA 30 Yr.	6.02%
FNMA 30 Yr.	6.04%
FNMA 15 Yr.	5.74%

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