



Weekly Review—September 27, 2024

Gimme all of your lovin'...gimme all that you got (Def Leppard) ... The markets want to receive some more love from the FOMC. Calls for another 50bps cut in November are gaining momentum. Given the muted PCE and CORE PCE releases today show inflation is stabilizing, it would not be a surprise if larger cuts were on the table. Further support for a strong economy came from this week's final revision of 2Q GDP – 3%, up from the previous estimate of 2.9%. I admit I did not expect the Federal Reserve to move the 50 basis points last week. So, if they act in the same manner in November, I will shrug it off.

The US consumer may be showing signs of slowing down as the Personal Consumption aspect of GDP for 2Q was revised down to 2.8% from 2.9%. The Conference Board Consumer Confidence level came in at 98.7 versus an expectation of 104 and much lower than the revised August figure of 105.6. Today's release of Personal Spending of 0.2% for August was lower than expected and down from the 0.5% in July. We know the importance of the US consumer in our economy; however, the FOMC's dual mandate does not directly include US consumer behavior. It does include employment which continues to show some signs of deterioration but has remained mostly stable. Next week's release of the Change in Nonfarm Payrolls and the other critical employment data looks to show the stability will remain. If so, the FOMC's next move might be 0.25% as they communicated in their DOT plot release and Chair Powell's press conference. If not, 0.50% in cuts will certainly be in play. Either way, I expect the Fed Funds futures and the US bond market to continue to price it in.

Over the past few weeks, I watched sports documentaries. Some I have seen before, some were new. I loved learning about the behind the scenes struggles or challenges and how these athletes and teams overcame them. They remind me of the "thrill of the victory and the agony of defeat" ABC Sports used to say in their introduction when I was young. These athletes thrived in risky environments, and I need to see that sometimes. Otherwise, I may remain content being correct less than 5% of the time like other armchair economists. We are preparing for an exciting end of 2024. Thanks for riding along with us.

Have a nice weekend!

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
09/30/24	\$1,700,000	Otterville R-VI MO School District GO BQ (LJ Hart deal)	2025 - 2044
10/01/24	\$15,165,000	Sedgwick County KS GO	2025 - 2044
10/01/24	\$11,035,000	Lenexa KS GO	2025 - 2044
10/03/24	\$25,395,000	Kansas Dev Fin Auth (K State Univ) Rev	2026 - 2049

Economic Release	Data Period	Date	Survey	Actual	Prior
S&P Global US Manufact. PMI	Sep (P)	09/23/2024	48.6	47.0	47.9
Conf. Board Consumer Confid.	Sep	09/24/2024	104.0	98.7	105.6 (rev up)
MBA Mortgage Applications	Sep 20	09/25/2024	NA	11.0%	14.2%
New Home Sales	Aug	09/25/2024	700k	716k	751k (rev up)
GDP Annualized QoQ	2Q (T)	09/26/2024	2.9%	3.0%	3.0%
Durable Goods Orders	Aug (P)	09/26/2024	-2.6%	0.0%	9.9% (rev up)
Initial Jobless Claims	Sep 21	09/26/2024	223k	218k	222k (rev up)
Personal Income	Aug	09/27/2024	0.4%	0.2%	0.3%
Personal Spending	Aug	09/27/2024	0.3%	0.2%	0.5%
U. of Mich. Sentiment	Sep (F)	09/27/2027	69.3	70.1	69.0

KEY INDICES				MUNI AA-BQ		CMO Spreads to Treasuries		
	Current	Last Month	One Year Ago				PAC	Vanilla
Prime Rate	8.00	8.50	8.50	3 Mo.	2.03	1-Year	N/A	+45
Discount Rate	5.00	5.50	5.50	6 Mo.	2.12	2-Year	60	65
Fed Funds Rate	4.83	5.33	5.33	1-Year	2.54	3-Year	75	100
Interest on Reserve Bal.	4.90	5.40	5.40	2-Year	2.34	5-Year	100	105
SOFR	4.83	5.34	5.31	3-Year	2.33	MBS Current Coupon Yields		
11th Dist COFI (ECOFC)	3.27	3.24	2.89	5-Year	2.36	GNMA 30 Yr.	4.80%	
1-Yr. CMT	3.90	4.38	5.45	7-Year	2.55	FNMA 30 Yr.	4.84%	
Dow	42,313.00	41,250.50	33,550.27	10-Year	2.73	FNMA 15 Yr.	4.08%	
NASDAQ	18,119.59	17,754.82	13,092.85	30-Year	3.73			
S&P 500	5,738.17	5,625.80	4,274.51					
Bond Buyer	3.81	3.88	4.09					

Treasuries & New Issue Agencies (Spread to Treasuries)										
	3 Mo.	6 Mo.	1-Yr.	2-Yr.	3-Yr.	5-Yr.	7-Yr	10-Yr	20-Yr	30-Yr
Treasuries	4.60	4.38	3.92	3.56	3.48	3.50	3.60	3.74	4.14	4.09
Bullets				0	2	2	19	31		
NC-6 Mo.				89	103	117	119	114		
NC-1 Year				40	62	80	86	89		
NC-2 Year					18	39	51	56		

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