Capital Markets Group

Weekly Review—October 13, 2023

If stronger-than-expected jobs and inflation data were not enough to give policy makers (& investors) concern, add geopolitical risk to this month's list of worries. Stating the obvious, war in the Middle East will drive energy prices higher as the region is a global supplier of oil. A prolonged conflict could weigh on global economic growth via increased oil prices, higher inflation, and slower economic growth. Depending on its level of escalation, major world economies could fall into recession. Crazy stuff even for a Friday the 13th! Please forgive my "down the rabbit hole" thinking…

Evidenced in the graph below, intermediate and longer-term treasury yields fell as much as 20bps this week while the short end of the curve remains hitched to Fed policy. This week's overall decline in treasury yields was primarily driven by a "flight to quality" trade as investors were more concerned about seeking safe harbor in bonds vs. "higher for longer" policy expectations.

The days and weeks ahead are going to be interesting!

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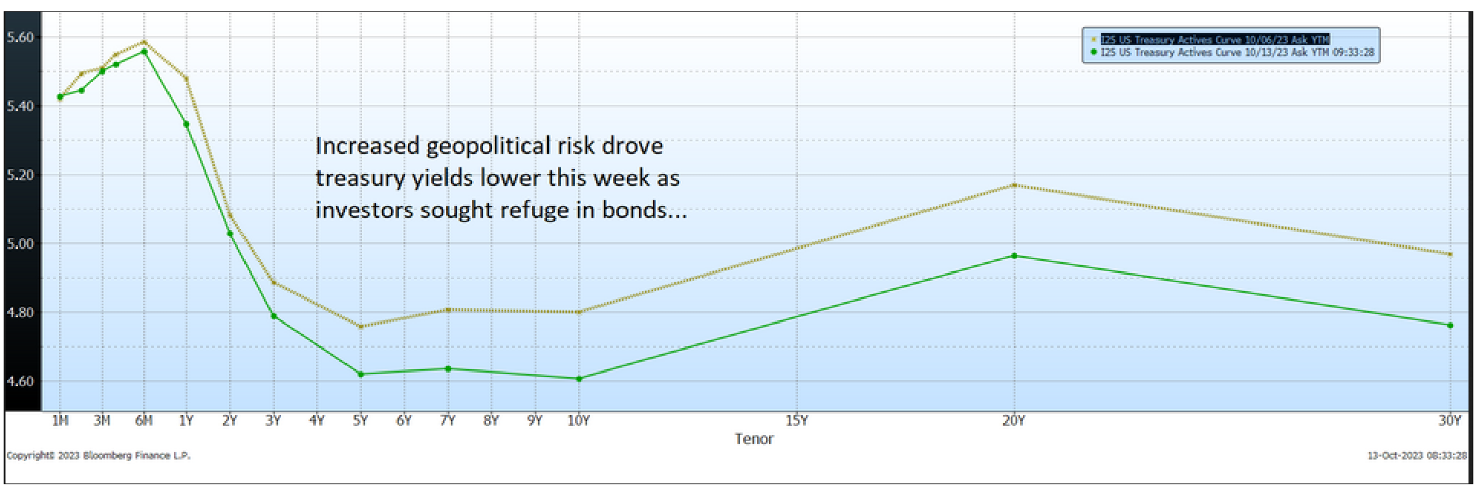

NEW ISSUE MUNICIPAL CALENDAR			
Date	Amount ($)	Description	Maturity
10/17/23	$525,000.00	ARKANSAS KS-TXBL UT GO NR	2025-2039

Economic Release	Data Period	Date	Survey	Actual	Prior
MBA Mortgage Applications	Oct 6	10/11/2023	NA	0.6%	-6.0%
PPI Final Demand MoM	Sep	10/11/2023	0.3%	0.5%	0.7%
PPI Final Demand YoY	Sep	10/11/2023	1.6%	2.2%	2.0% (rev up)
CPI MoM	Sep	10/12/2023	0.3%	0.4%	0.6%
CPI YoY	Sep	10/12/2023	3.6%	3.7%	3.7%
Initial Jobless Claims	Oct 7	10/12/2023	210k	209k	209k (rev up)
Continuing Claims	Sep 30	10/12/2023	1,675k	1,702k	1,672k (rev up)
Real Avg Weekly Earnings YoY	Sep	10/12/2023	NA	-0.1%	0.2% (rev down)
U. of Mich. Sentiment	Oct (P)	10/13/2023	67.0	63.0	68.1
U. of Mich. 1 Yr Inflation	Oct (P)	10/13/2023	3.2%	3.8%	3.2%

KEY INDICES

	Current	Last Month	One Year Ago
Prime Rate	8.50	8.50	6.25
Discount Rate	5.50	5.50	3.25
Fed Funds Rate	5.33	5.33	3.08
Interest on Reserve Bal.	5.40	5.40	3.15
SOFR	5.31	5.30	3.05
11th Dist COFI (ECOFC)	2.97	2.89	1.11
1-Yr. CMT	5.41	5.42	4.28
Dow	33,670.29	34,575.53	30,038.72
NASDAQ	13,407.23	13,813.58	10,649.15
S&P 500	4,327.78	4,467.44	3,669.91
Bond Buyer	3.97	3.85	3.84

MUNI AA—BQ

3 Mo.	3.24
6 Mo.	3.34
1-Year	3.64
2-Year	3.56
3-Year	3.43
5-Year	3.35
7-Year	3.39
10-Year	3.48
30-Year	4.55

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

	Treasuries	Bullets	NC-6 Mo.	NC-1 Year	NC- 2 Year
3 Mo. Bill	5.48				
6 Mo. Bill	5.56				
1-Year Bill	5.39				
2-Year Note	5.05	8	81	80	
3-Year Note	4.81	12	85	82	82
5-Year Note	4.64	7	98	94	86
7-Year Note	4.67	27	106	99	89
10-Year Note	4.63	42	120	111	100
20-Year Bond	4.99				
30-Year Bond	4.79				

CMO Spreads to Treasuries

	PAC	Vanilla
1-Year	N/A	+55
2-Year	60	70
3-Year	95	110
5-Year	125	150

MBS Current Coupon Yields

GNMA 30 Yr.	6.39%
FNMA 30 Yr.	6.44%
FNMA 15 Yr.	5.94%

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