



## Weekly Review—October 27, 2023

The consumer is resilient! The biggest number of the week was the release of the advance estimate for 3<sup>rd</sup> quarter GDP which was 4.9% (annualized QoQ change). Combined with today's Core PCE Deflator YoY print of 3.4% and the University of Michigan's 1-year Inflation expectation of 4.2%, I expect the FOMC to hike in December. The economy remains strong, the employment data for October is expected to represent a mostly healthy jobs market, and inflation remains and looks to stay above the FOMC's target of 2%. The gift that keeps on giving should arrive on December 13<sup>th</sup>.

The Fed Funds Market does not portend a hike, given its current chance of a hike of around 20%. True, that is real money traded in the markets, but the FOMC usually refrains from market influence when making decisions on interest rates. Data dependency continues to drive decisions for the committee. Higher for longer seems to be the expectation in the bond market but we know it takes a shock to get us into recession or at least a lower productivity level.

The power of consumerism often defies logic, but as we head into the end of the year, will we see a shock in the form of lower personal spending? Likely not. If there is one thing we are good at, it is buying stuff, spending money. According to a Bankrate article from September ([Bankrate.com](https://www.bankrate.com)) at least 61% of us live paycheck to paycheck, and according to a Barron's article on October 15<sup>th</sup>, 78% of those who make less than \$50k live paycheck to paycheck. These statistics are always alarming; however, definitions of living paycheck to paycheck vary and perhaps in some of these include spending everything you earn on more than just bills. Or does the answer lie in the Bloomberg Federal Reserve of New York Total Consumer Credit Card Debt chart below?

Have a great weekend!

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### NEW ISSUE MUNICIPAL CALENDAR

| Date     | Amount (\$) | Description                          | Maturity |
|----------|-------------|--------------------------------------|----------|
| 10/30/23 | \$4,980,000 | EDWARDSVILLE KS -TMP NTS UT GO SP-1+ | 2027     |



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| Economic Release            | Data Period | Date       | Survey | Actual | Prior           |
|-----------------------------|-------------|------------|--------|--------|-----------------|
| S&P Global US Manufact. PMI | Oct (P)     | 10/24/2023 | 49.5   | 50.0   | 49.8            |
| MBA Mortgage Applications   | Oct 20      | 10/25/2023 | NA     | -1.0%  | -6.9%           |
| New Home Sales              | Sep         | 10/25/2023 | 680k   | 759k   | 676k (rev up)   |
| GDP Annualized QoQ          | 3Q (A)      | 10/26/2023 | 4.5%   | 4.9%   | 2.1%            |
| Durable Goods Orders        | Sep (P)     | 10/26/2023 | 0.2%   | 4.7%   | 0.4%            |
| Initial Jobless Claims      | Oct 21      | 10/26/2023 | 207k   | 210k   | 200k (rev up)   |
| Personal Income             | Sep         | 10/27/2023 | 0.4%   | 0.3%   | 0.4%            |
| Personal Spending           | Sep         | 10/27/2023 | 0.5%   | 0.7%   | 0.4%            |
| PCE Core Deflator YoY       | Sep         | 10/27/2023 | 3.7%   | 3.7%   | 3.8% (rev down) |
| U. of Mich. Sentiment       | Oct (F)     | 10/27/2023 | 63.0   | 63.8   | 63.0            |

| KEY INDICES              |           |            |              | MUNI AA-BQ |      |
|--------------------------|-----------|------------|--------------|------------|------|
|                          | Current   | Last Month | One Year Ago |            |      |
| Prime Rate               | 8.50      | 8.50       | 6.25         | 3 Mo.      | 3.71 |
| Discount Rate            | 5.50      | 5.50       | 3.25         | 6 Mo.      | 3.79 |
| Fed Funds Rate           | 5.33      | 5.33       | 3.08         | 1-Year     | 3.79 |
| Interest on Reserve Bal. | 5.40      | 5.40       | 3.15         | 2-Year     | 3.68 |
| SOFR                     | 5.31      | 5.31       | 3.03         | 3-Year     | 3.59 |
| 11th Dist COFI (ECOFC)   | 2.97      | 2.89       | 1.11         | 5-Year     | 3.55 |
| 1-Yr. CMT                | 5.39      | 5.45       | 4.54         | 7-Year     | 3.62 |
| Dow                      | 32,418.05 | 33,550.27  | 32,033.28    | 10-Year    | 3.71 |
| NASDAQ                   | 12,643.01 | 13,092.85  | 10,792.67    | 30-Year    | 4.88 |
| S&P 500                  | 4,117.37  | 4,274.51   | 3,807.30     |            |      |
| Bond Buyer               | 4.19      | 3.90       | 4.16         |            |      |

| 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                                             | 5.44       |         |          |           |            | 1-Year                    | N/A | +55     |
| 6 Mo. Bill                                             | 5.54       |         |          |           |            | 2-Year                    | 60  | 70      |
| 1-Year Bill                                            | 5.39       |         |          |           |            | 3-Year                    | 100 | 120     |
| 2-Year Note                                            | 5.03       | 10      | 81       | 80        |            | 5-Year                    | 130 | 150     |
| 3-Year Note                                            | 4.85       | 10      | 84       | 80        | 80         | MBS Current Coupon Yields |     |         |
| 5-Year Note                                            | 4.78       | 8       | 98       | 94        | 86         | GNMA 30 Yr.               |     | 6.55%   |
| 7-Year Note                                            | 4.85       | 27      | 105      | 98        | 88         | FNMA 30 Yr.               |     | 6.62%   |
| 10-Year Note                                           | 4.85       | 44      | 120      | 111       | 100        | FNMA 15 Yr.               |     | 6.03%   |
| 20-Year Bond                                           | 5.21       |         |          |           |            |                           |     |         |
| 30-Year Bond                                           | 5.01       |         |          |           |            |                           |     |         |

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