



Weekly Review—November 1, 2024

Next week's Fed policy meeting is scheduled for Thursday. What better data to look at this week than economic growth, the Fed's preferred inflation metric – Personal Consumption Expenditures (PCE) – and employment understanding that the Fed relies heavily on these data points to craft their policy response. Here's an overview of this week's key economic data.

Economic Growth – Gross Domestic Product (GDP)

At 2.8%, third quarter GDP was slightly lower than consensus expectations of 2.9% and was down from 2nd quarter's 3% print. *[Although the economy is expected to expand faster than the Fed's 2% projection, 2024's annualized expected growth of 2.6% looks to be slower than last year's 2.9% pace. As such, economic growth continues to lose steam!]* While consumers continue to drive overall economic growth as spending accelerated at a 3.7% pace in the third quarter vs. 2.8% prior, increased spending activity over the last several quarters have been driven by upper-income households. According to the data, high-earning households (\$100k+) have increased spending more than twice the rate as compared to the lower-income (<\$60k) group. Meaning, consumer resilience over the last several years does not reflect improved economic conditions for all Americans. Looking forward, continued spending by lower and middle-income households will largely depend on the strength of the labor market as the personal savings rate continues to decline.

Inflation – Personal Consumption Expenditures (PCE)

Headline inflation rose 0.2% in September marking its biggest monthly gain in since April while core inflation increased 0.3% month over month, as expected. On an annualized basis, core inflation held steady at 2.7% – remaining above the Fed's 2% target. Evidenced in current futures trading, this round of inflation data supports a slower pace of benchmark rate cuts following last month's 50bps ease. At a 98.5% probability, the market continues to price in a 25-basis point cut at next week's FOMC meeting.

Employment

Nonfarm payrolls increased a mere 12k last month while the unemployment rate held steady at 4.1%. Average hourly earnings rose 0.4%, more than forecast. While October's employment data was skewed by weather-related events, the reported 112k downward revision to September and August payrolls shows the job market wasn't as strong as previously thought going into October. In addition to next week's expected rate cut, fed fund futures continue to show traders are confident that rate cuts will continue into 2026.

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
11/05/24	\$10,780,000	Bel Aire KS GO	2026-2045
11/05/24	\$9,170,000	Bel Aire KS GO Temp Notes	2027

Economic Release	Data Period	Date	Survey	Actual	Prior
Conf. Board of Consumer Confid.	Oct	10/29/2024	99.5	108.7	99.2 (rev up)
MBA Mortgage Applications	Oct 25	10/30/2024	NA	-0.1%	-6.7%
ADP Employment Change	Oct	10/30/2024	111k	233k	159k (rev up)
GDP Annualized QoQ	3Q (A)	10/30/2024	2.9%	2.8%	3.0%
Personal Income	Sep	10/31/2024	0.3%	0.3%	0.2%
Personal Spending	Sep	10/31/2024	0.4%	0.5%	0.3% (rev up)
Initial Jobless Claims	Oct 19	10/31/2024	230k	216k	228k (rev up)
Change in Nonfarm Payrolls	Oct	11/1/2024	100k	12k	223k (rev down)
Unemployment Rate	Oct	11/1/2024	4.1%	4.1%	4.1%
Labor Force Participation Rate	Oct	11/1/2024	62.7%	62.6%	62.7%

KEY INDICES				MUNI AA-BQ		CMO Spreads to Treasuries		
	Current	Last Month	One Year Ago				PAC	Vanilla
Prime Rate	8.00	8.00	8.50	3 Mo.	2.38	1-Year	N/A	+45
Discount Rate	5.00	5.00	5.50	6 Mo.	2.47	2-Year	60	75
Fed Funds Rate	4.83	4.83	5.33	1-Year	2.89	3-Year	85	115
Interest on Reserve Bal.	4.90	4.90	5.40	2-Year	2.73	5-Year	115	125
SOFR	4.90	4.96	5.35	3-Year	2.67	MBS Current Coupon Yields		
11th Dist COFI (ECOFC)	3.21	3.26	3.01	5-Year	2.73	GNMA 30 Yr.	5.67%	
1-Yr. CMT	4.28	3.98	5.44	7-Year	2.88	FNMA 30 Yr.	5.75%	
Dow	42,052.19	42,156.97	33,274.58	10-Year	3.11	FNMA 15 Yr.	5.01%	
NASDAQ	18,239.92	17,910.36	13,061.47	30-Year	4.08			
S&P 500	5,728.80	5,708.75	4,237.86					
Bond Buyer	4.18	3.81	4.19					

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	4.51	4.43	4.22	4.13	4.11	4.14	4.22	4.30	4.61	4.50
Bullets				1	2	2	15	24		
NC-6 Mo.				38	55	80	100	105		
NC-1 Year				15	33	58	75	85		
NC-2 Year					4	30	45	40		

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