



Weekly Review—November 8, 2024

Welcome back my friends to the show that never ends... (Emerson, Lake, and Palmer). It has certainly been an exciting and eventful week in the bond market. The FOMC lowered their benchmark overnight interest rate by the expected 25bps, continuing their stated goal of a smooth path lower depending on economic data. Interest rates along the curve were quite active this week after results from elections were publicized. We should continue to see volatility as we approach the inauguration in January and some other transfers of power in national and state level government positions.

The overall economic situation remains stable which should inform the FOMC's future decisions to align with expectations of lower but slower actions from their meetings next month and next year. Current Fed Funds futures market predictions show about a 68% chance of another 25bps cut in December and a total reduction in the overnight rate of 75bps by end of 2025. This would mean the Target Rate would be around 4% (upper) by next year at this time. As we know this key interest rate affects Prime rate (add 3% to the Fed Funds Target Rate Upper) which ties to several consumer and commercial related loans. While the plan and hope is for stability, we are all too familiar with volatility in interest rates and should expect some bumps along the road to a steepening of the yield curve.

A positive sign can be found in the ratcheting down along the front end of the curve. At time of writing, the 1-year treasury yield and the 2-year treasury yields are moving closer together. Lower shorter-term yields may ease some funding costs for financial institutions and higher longer-term yields may reward investors for taking on duration risk. While never perfect, a normalized curve could bring us back on the path to normalization after operating in an inverted curve scenario for almost 2.5 years.

This truly might be the show that never ends, and we are poised to help our customers navigate through whatever may come. *We're so glad you could attend, come inside, come inside.*

Have a nice weekend!

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NEW ISSUE MUNICIPAL CALENDAR			
Date	Amount (\$)	Description	Maturity
11/12/24	\$30,210,000	Lawrence KS Rev	2025-2054
11/12/24	\$5,515,000	City Of Raymore, MO GO	2025-2037
11/13/24	\$15,980,000	St Louis County School District Parkway C2 GO	2031-2032
11/14/24	\$1,355,000	City of St Genevieve MO COPs BQ	2025-2034

Economic Release	Data Period	Date	Survey	Actual	Prior
Factory Orders	Sep	11/04/2024	-0.5%	-0.5%	-0.8% (rev down)
Durable Goods Orders	Sep (F)	11/04/2024	-0.8%	-0.7%	-0.8%
Trade Balance	Sep	11/05/2024	-\$84.0b	-\$84.4b	-\$70.8b (rev down)
ISM Services Index	Oct	11/05/2024	53.8	56.0	54.9
MBA Mortgage Applications	Nov 1	11/06/2024	NA	-10.8%	-0.1%
Initial Jobless Claims	Nov 2	11/07/2024	222k	221k	218k (rev up)
Continuing Claims	Oct 26	11/07/2024	1,873k	1,892k	1,853k (rev down)
FOMC Rate Decision (Upper)	Nov 7	11/07/2024	4.75%	4.75%	5.00%
Fed Interest on Reserve Balances	Nov 7	11/07/2024	4.65%	4.65%	4.90%
U. of Mich. Sentiment	Nov (P)	11/08/2024	71.0	73.0	70.5

KEY INDICES				MUNI AA—BQ		CMO Spreads to Treasuries		
	Current	Last Month	One Year Ago				PAC	Vanilla
Prime Rate	7.75	8.00	8.50	3 Mo.	2.36	1-Year	N/A	+45
Discount Rate	4.75	5.00	5.50	6 Mo.	2.45	2-Year	60	70
Fed Funds Rate	4.83	4.83	5.33	1-Year	2.87	3-Year	80	105
Interest on Reserve Bal.	4.65	4.90	5.40	2-Year	2.71	5-Year	105	115
SOFR	4.82	4.83	5.32	3-Year	2.65	MBS Current Coupon Yields		
11th Dist COFI (ECOFC)	3.21	3.26	3.01	5-Year	2.73	GNMA 30 Yr.	5.46%	
1-Yr. CMT	4.32	4.24	5.33	7-Year	2.86	FNMA 30 Yr.	5.57%	
Dow	43,988.99	42,080.37	34,112.27	10-Year	3.08	FNMA 15 Yr.	4.91%	
NASDAQ	19,286.78	18,182.92	13,650.41	30-Year	4.02			
S&P 500	5,995.54	5,751.13	4,382.78					
Bond Buyer	4.16	3.81	4.17					

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	4.53	4.42	4.28	4.22	4.16	4.15	4.21	4.28	4.57	4.47
Bullets				0	2	2	14	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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