



## Weekly Review—January 6, 2023

Welcome to 2023! We updated our Economic Release section on page two to reflect the major releases this week and how they compare to expectations and the prior releases. The Change in Nonfarm payrolls data was released this morning and were stronger than expected. This along with an increase in the Labor Force Participation rate and decrease in the Unemployment rate support the FOMC's plan of further hikes. Interestingly the jobs data had little effect on the yield curve; it was only after the ISM Services Index came in under 50% that yields began to fall.

The bond market continues to signal an economic downturn with a negative spread of 70-basis points between the two- and ten-year treasuries at time of writing. With still-strong jobs data, the FOMC does not have to worry as much about a further hike in the overnight rate next month. Current Fed Funds futures market reading expects a 25-basis point increase at the February 1<sup>st</sup> meeting and a strong possibility of another 25-basis point increase in March. As mentioned above, the real signal to the bond market was the sub-50% release of the ISM Services Index. Anything under 50% signals contraction while above 50% signals expansion. The chance for a soft-landing (cooling inflation without a recession) remains possible; however, the likelihood continues to decrease.

Fed expectations for 2023 include the FOMC raising the overnight rate at least another 50-75 basis points and maintaining that level to at least the 4<sup>th</sup> quarter. Market expectations are for a sooner reaction by the FOMC due to recession. The answer, as always, lies in between these two market forces. Reach out to your Investment Representatives to help you navigate through what looks like another interesting year.

Have a great weekend!

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### NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
1/11/2023	\$8,630,000	OSAGE CO KS UNIF SD#421 UT GO BQ A	2025-2048
1/12/2023	\$60,000,000	PARK HILL SD MO UT GO AA	2025-2042

Economic Release	Data Period	Date	Survey	Actual	Prior
S&P Global US Manufacturing PMI	Dec (F)	1/3/2023	46.2	46.2	46.2
MBA Mortgage Applications	Dec 30	1/4/2023	NA	-10.3%	-3.2%
ISM Manufacturing	Dec	1/4/2023	48.5	48.4	49.0
ADP Employment Change	Dec	1/5/2023	150k	235k	182k (rev)
Initial Jobless Claims	Dec 31	1/5/2023	225k	204k	223k (rev)
Trade Balance	Nov	1/5/2023	-\$63.0b	-\$61.5b	-\$77.8b (rev)
Change in Nonfarm Payrolls	Dec	1/6/2023	202k	223k	256k (rev)
Unemployment Rate	Dec	1/6/2023	3.7%	3.5%	3.6% (rev)
Labor Force Participation Rate	Dec	1/6/2023	62.2%	62.3%	62.1%
Durable Goods Orders	Nov (F)	1/6/2023	-2.1%	-2.1%	-2.1%

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	7.50	7.00	3.25	3 Mo.	2.12
Discount Rate	4.50	4.00	0.25	6 Mo.	2.21
Fed Funds Rate	4.33	3.83	0.08	1-Year	2.63
Interest on Reserve Bal.	4.40	3.90	0.15	2-Year	2.51
1-Month Libor	4.40	4.18	0.10	3-Year	2.49
11th Dist COFI (ECOFC)	1.86	1.59	0.22	5-Year	2.52
1-Yr. CMT	4.71	4.77	0.41	7-Year	2.58
Dow	33,630.61	33,596.34	36,236.47	10-Year	2.72
NASDAQ	10,569.29	11,014.89	15,080.87	30-Year	3.83
S&P 500	3,895.08	3,941.26	4,696.05		
Bond Buyer	3.66	3.65	2.12		

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	4.62					1-Year	N/A	+40
6 Mo. Bill	4.81					2-Year	45	55
1-Year Bill	4.68					3-Year	70	85
2-Year Note	4.27	16	82	81		5-Year	85	105
3-Year Note	4.01	9	85	81	80			
5-Year Note	3.73	9	98	94	86			
7-Year Note	3.66	35	105	98	88			
10-Year Note	3.57	62	120	111	99			
20-Year Bond	3.86							
30-Year Bond	3.70							

  

MBS Current Coupon Yields	
GNMA 30 Yr.	5.07%
FNMA 30 Yr.	5.22%
FNMA 15 Yr.	4.54%

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