



Weekly Review—January 10, 2020

Readers of my commentaries recognize two recurring themes: collaboration and music. Some find these tedious and perhaps outside the scope of an economic commentary, yet I argue that these themes are essential for obtaining the best out of our teams and they are supreme examples of the topic discussed today: harmony. People often associate the concept of harmony with eastern cultures when referring to people and with western cultures when referring to music. Both exemplify the ultimate result of various, diverse parts working together to produce a beautiful, yet temporary, experience.

I have studied Chinese culture for years, beginning in my teens, and harmony is one of the most significant societal values. With harmony comes order – each part of the world performing its role to produce peace and a natural order. The river flows and moves around the rock instead of trying to move the rock; however, over time the rock is shaped in such a way to allow the river to flow its intended course. The goal for humans is to become aware of our strengths and use them in accordance with others to achieve great things which improve the greater society.

In western culture, particularly in the United States, we tend to place importance on individual achievement over those of a team – especially in sports. We love football and we know it’s a team sport, yet we cannot help ourselves by praising or blaming the quarterback alone for the victory or loss. That is why I prefer the metaphor of music. The best music comes from individuals working together to produce something greater than their individual efforts. Music can provide us with inspiration to achieve truly awesome things if we allow ourselves to recognize how we fit in our teams. If we listen closely, we can hear within the music the result of harmony both in notes and group contribution.

Harmony is the ultimate goal in our world, we just have to allow it to occur by recognizing that we are not the most important – by working together as a team, we can achieve so much more together than individually. Be aware of the role of the rock and resist the temptation to uplift and remove the obstacle – harmony cannot be forced. Be the river and flow around the rock, slowly reducing the obstacle without ignoring its role, its importance.

Finally, here are three of my favorite examples of true harmony in music:

- Mozart’s *Serenade for Winds, 3rd Movement* – listen for the soaring oboe and the supporting orchestra.
- Bob James and David Sanborn’s *Since I Fell for You* featuring Al Jarreau – listen for the trading of notes between Sanborn and Jarreau, supported by James’ keyboard and Eric Gale’s sublime guitar.
- Stevie Ray Vaughan’s version of Hendrix’s *Little Wing* – this is my favorite performance of all time. It’s entirely instrumental and emotes every feeling I have ever felt.

Thank you very much for your business and we wish you a most harmonious 2020!

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
01/13/2020	\$1,320,000	Harper KS UT GO BQ NR	2020-2039
01/14/2020	\$885,000	Liberal KS UT GO BQ NR	2020-2026
01/14/2020	\$1,270,000	Fairfax IA UT GO BQ NR	2021-2035

ECONOMIC CALENDAR

Monday 1/13	Tuesday 1/14	Wednesday 1/15	Thursday 1/16	Friday 1/17
	CPI MoM	MBA Mortgage Applications PPI Final Demand MoM Empire Manufacturing	Retail Sales Advance MoM Initial Jobless Claims	Housing Starts Industrial Production MoM U. of Mich. Sentiment

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	4.75	4.75	5.50	3 Mo.	0.94
Discount Rate	2.25	2.25	3.00	6 Mo.	0.97
Fed Funds Rate	1.55	1.55	2.40	1-Year	0.99
IOER	1.55	1.55	2.40	2-Year	1.02
1-Month Libor	1.68	1.72	2.52	3-Year	1.04
11th Dist COFI	1.04	1.10	1.06	5-Year	1.11
1-Yr. CMT	1.53	1.56	2.59	7-Year	1.27
Dow	28,823.77	27,881.72	24,001.92	10-Year	1.50
NASDAQ	9,178.86	8,616.18	6,986.07	30-Year	2.18
S&P 500	3,265.35	3,132.52	2,596.64		
Bond Buyer	2.63	2.77	4.20		

Treasuries & New Issue Agencies (<i>Spread to Treasuries</i>)						CMO Spreads to Treasuries		
	Treasuries	Bullets	NC-6 Mo.	NC-1 Year	NC- 2 Year		PAC	Vanilla
3 Mo. Bill	1.53					1-Year	N/A	+42
6 Mo. Bill	1.54					2-Year	45	58
1-Year Bill	1.51					3-Year	58	70
2-Year Note	1.57	2	10	2		5-Year	70	80
3-Year Note	1.58	2	20	12		MBS Current Coupon Yields		
5-Year Note	1.64	5	38	30	16	GNMA 30 Yr.	2.35%	
7-Year Note	1.75	17	41	34	21	FNMA 30 Yr.	2.62%	
10-Year Note	1.83	25	58	49	40	GNMA 15 Yr.	2.00%	
30-Year Bond	2.30					FNMA 15 Yr.	2.21%	

About the Author, Matthew Maggi



Prior to joining CMG in 2016, Matthew was the Corporate Treasurer at a \$1.2 billion publicly-traded community bank headquartered in Missouri. During his tenure, he developed and implemented balance sheet strategies to maximize margin while managing acceptable levels of interest rate risk, liquidity, and capital. Matthew not only managed the investment portfolio, but also conducted extensive loan portfolio performance analyses.

Previously, he was a Treasury Analyst for one of the largest privately held banks in the U.S. He monitored cash flow and liquidity and developed funding strategies. Matthew leverages his extensive balance sheet management experience to provide tactical and strategic solutions to maximize performance while mitigating risks for the community banks.

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