

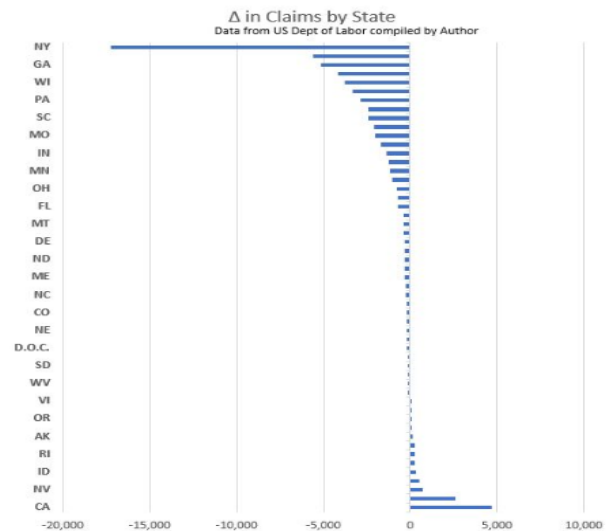
## Weekly Review—January 20, 2023

*There's something happening here. But what it is ain't exactly clear.* The employment data continues to confound economists. Headlines over the past few weeks of layoffs from major tech companies and large financial institutions are sending signals of preparations for an economic downturn; however, the unemployment rate remains at historic lows and this week's Initial Jobless Claims of 190,000 came in below the expected 214,000. Two interesting tidbits of reading caught my eye this week regarding the employment situation.

*You don't know what you got 'til it's gone.* This first article I read came out on Wednesday. Ben Steverman wrote a news story on Raj Chetty, a Harvard economist who was studying the 2.6 million workers no longer in the workforce since the pandemic ([Bloomberg.com Article 1.18.2023](https://www.bloomberg.com/news/articles/2023-01-18/missing-workers)). What Chetty and his team found was a significant amount of these "missing" workers were lower-income employees working in higher-income areas. These workers used to travel to areas of cities, sometimes very far from neighborhoods where they lived to work in restaurants, hotels, office buildings, etc. The pandemic affected their desire to travel so much to work for so little pay. Other factors like childcare contribute to the decision to remain out of the workforce for some despite the possibility of higher wages, "If I'll be making \$24 an hour but daycare is \$25 an hour, why am I going back to work? I feel pushed out of the workforce," said one worker quoted in the article. While wages have risen significantly over the past year, they may not be keeping pace with all income levels. One thesis of the research and article posits this may be a lingering, or at worst, a long-term issue in the workforce.



*New York, New York.* The other item I found was a deeper dive into this week's Initial Jobless Claims, released by the US Department of Labor. I looked at the weekly change in claims by State. As my colleague, Mr. Zimmerman says, "A picture is worth a thousand words." Look at the decrease in claims in New York compared to a week ago.



Have a great weekend!

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### NEW ISSUE MUNICIPAL CALENDAR

| Date       | Amount (\$)   | Description                      | Maturity  |
|------------|---------------|----------------------------------|-----------|
| 01/23/2023 | \$520,000     | ST FRANCIS KS UT GO BQ NR        | 2024-2043 |
| 01/25/2023 | \$157,540,000 | KS DEV FIN AUTH -SRF KS REVS Aaa | 2024-2044 |

| Economic Release          | Data Period | Date      | Survey | Actual | Prior       |
|---------------------------|-------------|-----------|--------|--------|-------------|
| Empire Manufacturing      | Jan         | 1/17/2023 | -8.7   | -32.9  | -11.2       |
| MBA Mortgage Applications | Jan 13      | 1/18/2023 | NA     | 27.9%  | 1.2%        |
| Retail Sales Advance MoM  | Dec         | 1/18/2023 | -0.9%  | -1.1%  | -1.0% (rev) |
| PPI Final Demand MoM      | Dec         | 1/18/2023 | -0.1%  | -0.5%  | 0.2% (rev)  |
| PPI Final Demand YoY      | Dec         | 1/18/2023 | 6.8%   | 6.2%   | 7.3% (rev)  |
| Industrial Production MoM | Dec         | 1/18/2023 | -0.1%  | -0.7%  | -0.6% (rev) |
| Housing Starts            | Dec         | 1/19/2023 | 1358k  | 1382k  | 1401k (rev) |
| Building Permits          | Dec         | 1/19/2023 | 1365k  | 1330k  | 1351k (rev) |
| Initial Jobless Claims    | Jan 14      | 1/19/2023 | 214k   | 190k   | 205k        |
| Existing Home Sales       | Dec         | 1/20/2023 | 3.95m  | 4.02m  | 4.08m (rev) |

| KEY INDICES              |           |            |              | MUNI AA-BQ |      |
|--------------------------|-----------|------------|--------------|------------|------|
|                          | Current   | Last Month | One Year Ago |            |      |
| Prime Rate               | 7.50      | 7.50       | 3.25         | 3 Mo.      | 1.96 |
| Discount Rate            | 4.50      | 4.50       | 0.25         | 6 Mo.      | 2.04 |
| Fed Funds Rate           | 4.33      | 4.33       | 0.08         | 1-Year     | 2.38 |
| Interest on Reserve Bal. | 4.40      | 4.40       | 0.15         | 2-Year     | 2.23 |
| 1-Month Libor            | 4.51      | 4.35       | 0.10         | 3-Year     | 2.17 |
| 11th Dist COFI (ECOFC)   | 1.86      | 1.59       | 0.22         | 5-Year     | 2.17 |
| 1-Yr. CMT                | 4.68      | 4.64       | 0.57         | 7-Year     | 2.25 |
| Dow                      | 33,375.49 | 32,849.74  | 34,715.39    | 10-Year    | 2.39 |
| NASDAQ                   | 11,140.43 | 10,547.11  | 14,154.02    | 30-Year    | 3.51 |
| S&P 500                  | 3,972.61  | 3,821.62   | 4,482.73     |            |      |
| Bond Buyer               | 3.33      | 3.59       | 2.25         |            |      |

| 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   | 4.63       |         |          |           |                           | 1-Year | N/A | +40     |
| 6 Mo. Bill   | 4.81       |         |          |           |                           | 2-Year | 45  | 55      |
| 1-Year Bill  | 4.69       |         |          |           |                           | 3-Year | 65  | 75      |
| 2-Year Note  | 4.18       | 14      | 81       | 81        |                           | 5-Year | 80  | 100     |
| 3-Year Note  | 3.85       | 7       | 84       | 81        | 80                        |        |     |         |
| 5-Year Note  | 3.57       | 8       | 98       | 94        | 86                        |        |     |         |
| 7-Year Note  | 3.53       | 35      | 106      | 98        | 88                        |        |     |         |
| 10-Year Note   | 3.49       | 55      | 120      | 111       | 100                       |        |     |         |
| 20-Year Bond   | 3.79       |         |          |           |                           |        |     |         |
| 30-Year Bond   | 3.65       |         |          |           |                           |        |     |         |

| MBS Current Coupon Yields |       |
|---------------------------|-------|
| GNMA 30 Yr.               | 4.79% |
| FNMA 30 Yr.               | 4.83% |
| FNMA 15 Yr.               | 4.07% |

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