

Weekly Review—February 3, 2023

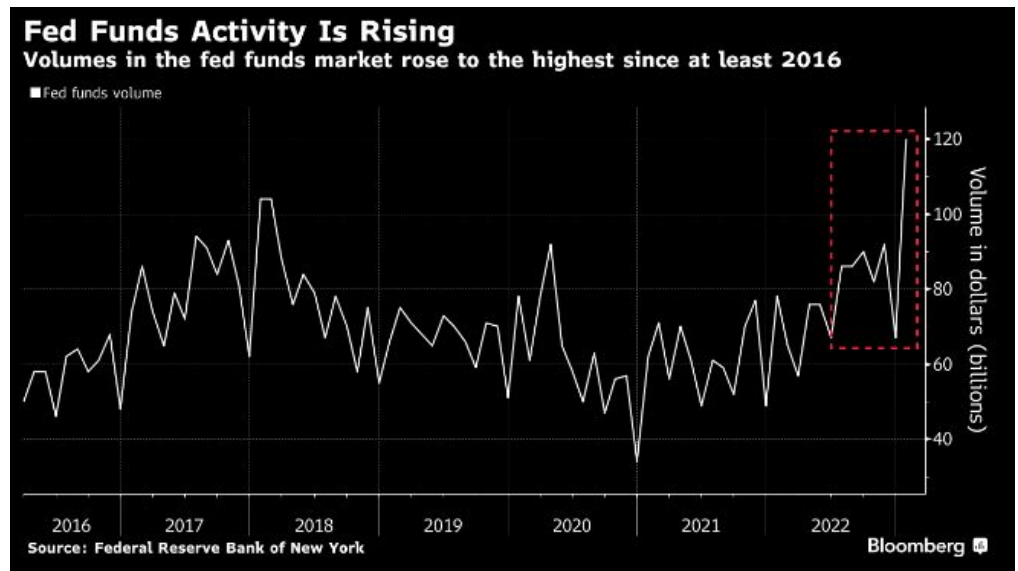
I'm taking what they're giving 'cause I'm working for a living. The Change in Nonfarm Payrolls release this morning sent shockwaves through the bond market causing yields to rise. I haven't seen a miss like this since I tried to ask out a member of my high school dance squad, way back in 1990. The US added 517,000 jobs in January, mostly in the leisure and hospitality sector with further increases coming from professional and business services, government (after the end of a strike by university workers), health care, retail, and construction sectors. The labor market continues to confound investors and looks to be running counter the bond market's doom and gloom scenario. Is a combination of higher spending and dwindling savings driving people back into sectors they preferred to abandon? Not clear yet. But what is clear is the bond market might have overstated the pace to recession and eager ears will be listening to the FOMC and how much higher they will hike rates.

Money...It's a gas. Consumers are not the only ones increasing borrowing. Banks across the nation are utilizing their fed funds purchase lines more frequently and the volume has not been this elevated in several years – see the Bloomberg chart below. 4Q 2022 industry data has not been released yet but declines in deposit levels are likely to show up. Other trends likely to appear include increased cost of funds as more rate-sensitive deposits like Public Funds and CDs are starting to drive up the cost of liquidity for banks.

And the sky is a hazy shade of winter. Punxsutawney Phil saw his shadow yesterday predicting six more weeks of winter. Thanks a lot, Phil. Kansas City has been spared most of the bad stuff, thankfully, but many parts of the nation cannot wait for spring. Investors can hardly wait, either, to see what the FOMC has in store for the markets and what those February and March Change in Nonfarm Payrolls reports show us. Hang in there! Wrap yourself up in your favorite blanket and have a cup of hot cocoa – you deserve it.

Have a great weekend!

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
02/06/2023	\$3,060,000	GODDARD KS -TEMP NTS -2 UT GO BQ	2025
02/09/2023	\$28,060,000	WICHITA KS-A WTR SEW REVS	2024-2042

Economic Release	Data Period	Date	Survey	Actual	Prior
MNI Chicago PMI	Jan	1/31/2023	45.0	44.3	45.1 (rev)
Conf. Board Cons. Confidence	Jan	1/31/2023	109.0	107.1	109.0 (rev)
MBA Mortgage Applications	Jan 27	2/1/2023	NA	-9.0%	7.0%
ADP Employment Change	Jan	2/1/2023	180k	106k	253k (rev)
S&P Global Manufacturing PMI	Jan (F)	2/1/2023	46.8	46.9	46.8
ISM Manufacturing	Jan	2/1/2023	48.0	47.4	48.4
FOMC Rate Decision—Upper	Feb 1	2/1/2023	4.75%	4.75%	4.50%
Initial Jobless Claims	Jan 28	2/2/2023	195k	183k	186k
Change in Nonfarm Payrolls	Jan	2/3/2023	188k	517k	260k (rev)
Unemployment Rate	Jan	2/3/2023	3.6%	3.4%	3.5%

KEY INDICES				MUNI AA—BQ	
	Current	Last Month	One Year Ago		
Prime Rate	7.75	7.50	3.25	3 Mo.	1.94
Discount Rate	4.75	4.50	0.25	6 Mo.	2.00
Fed Funds Rate	4.58	4.33	0.08	1-Year	2.32
Interest on Reserve Bal.	4.65	4.40	0.15	2-Year	2.20
1-Month Libor	4.58	4.39	0.11	3-Year	2.15
11th Dist COFI (ECOFC)	2.07	1.86	0.22	5-Year	2.09
1-Yr. CMT	4.79	4.73	0.76	7-Year	2.17
Dow	33,926.01	33,136.37	35,111.16	10-Year	2.31
NASDAQ	12,006.96	10,386.98	13,878.82	30-Year	3.50
S&P 500	4,136.48	3,824.14	4,477.44		
Bond Buyer	3.39	3.72	2.32		

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	4.64					1-Year	N/A	+40
6 Mo. Bill	4.82					2-Year	45	55
1-Year Bill	4.73					3-Year	60	65
2-Year Note	4.27	18	81	81		5-Year	80	95
3-Year Note	3.93	10	85	82	81			
5-Year Note	3.64	8	98	94	86			
7-Year Note	3.58	30	105	98	88			
10-Year Note	3.51	55	120	111	99			
20-Year Bond	3.76							
30-Year Bond	3.63							

MBS Current Coupon Yields	
GNMA 30 Yr.	4.73%
FNMA 30 Yr.	4.84%
FNMA 15 Yr.	4.13%

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