



Weekly Review—February 5, 2021

I guess that's why they call me the workin' man... This week's job data continued to confuse the market participants, causing some fluctuation in bond yields and equity prices. The ADP Employment Change data showed a pretty dramatic turnaround from the prior print of -78k and this week's 174k, sending bond yields higher and causing some to question the need for more stimulus. The Challenger Job Cuts YoY provided support for the same position after a much better sign of fewer job cuts from a year ago: 17.4% vs last year's 134.5%. Further support for an improving job market came on Thursday with lower Initial Jobless Claims of 779k versus the prior week of 812k claims and Continuing Claims of 4,595k versus last week's 4,785k. Then came today's Change in Nonfarm Payrolls. They came in lower than expected at 49k. The narrative quickly changed to one of the need for additional stimulus. We must remember that overall, jobs data has been improving, yet remains under pre-pandemic levels.

She works hard for her money... Average Hourly Earnings YoY remained strong at an increase of 5.4%. Additionally, the Average Weekly Hours increased slightly to 35 from prior month print of 34.7. Diving a little deeper into the Bureau of Labor Statistics release, we see that the data for January is using updated population estimates from the U.S. Census Bureau; as a standard practice, they will not restate historical data. We also can see some of the detail of what types of jobs are contributing to the Nonfarm totals. The largest contributor came from Professional and business services; however, the largest portion of that came from Temporary help services. We see that compared to a year ago, the percentage of women employees has fallen from 50% to 49.8%. While it does not look like a substantial drop, keep in mind that as of January 2021, there were 126.5 million women aged 20 years and over compared to 117.9 million men. Participation rates are 57.0% for women of that age group and 69.7% for men of the same age group. The seasonally adjusted participation rate for women decreased by 2.2% over the last year, while the men's rate decreased by 2.0%.

I can't feel my face when I'm with you... It's Super Bowl *Weeknd* and the wait is almost over – two more sleeps. The *Weeknd* will be performing and while I'm a little old to dance like no one is watching, this year I get to since I'll be home! The real show will be between Brady and Mahomes. But there really isn't anything as exciting to watch as the Kansas City Chiefs. I am a huge fan of great teams – teams like the Chiefs right now. **They respect each other, work hard for each other, and win together.** That's why I love working in CMG and love working with our clients. Enjoy the game! Go Chiefs!

Economic Data		
February 1-5		
Index	Prior*	Actual
Markit US Manufacturing PMI	59.1	59.1
Construction Spending MoM	1.1%	1.0%
MBA Mortgage Applications	-4.1%	8.1%
ADP Employment Change	-78k	174k
Markit US Composite PMI	58.0	58.7
Markit US Services PMI	57.5	58.3
Challenger Job Cuts YoY	134.5%	17.4%
Nonfarm Productivity	5.1%	-4.8%
Initial Jobless Claims	812k	779k
Continuing Claims	4,785k	4,595k
Factory Orders	1.3%	1.1%
Change in Nonfarm Payrolls	-227k	49k
Unemployment Rate	6.7%	6.3%
Labor Force Participation Rate	61.5%	61.4%
Average Hourly Earnings YoY	5.4%	5.4%

Source: Bloomberg, LP
*Prior equals revised figure when applicable.

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
02/08/2021	\$ 1,710,000	MACKS CREEK R-V SD-REF	2022-2035
02/10/2021	\$ 8,715,000	ST LOUIS CNTY-A-REV-TXBL	2021-2026
02/10/2021	\$32,780,000	ST LOUIS CNTY-B-REV	2021-2040
02/11/2021	\$ 32,925,000	ST LOUIS CNTY-REF	2022-2033

ECONOMIC CALENDAR

Monday 2/8	Tuesday 2/9	Wednesday 2/10	Thursday 2/11	Friday 2/12
	NFIB Small Business Optimism JOLTS Job Openings	MBA Mortgage Applications CPI MoM/YoY Wholesale Inventories MoM	Initial Jobless Claims Continuing Claims	U. of Mich. Sentiment

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	3.25	3.25	4.75	3 Mo.	0.03
Discount Rate	0.25	0.25	2.25	6 Mo.	0.09
Fed Funds Rate	0.08	0.09	1.59	1-Year	0.14
IOER	0.10	0.10	1.60	2-Year	0.17
1-Month Libor	0.12	0.14	1.67	3-Year	0.21
11th Dist COFI	0.46	0.47	1.04	5-Year	0.35
1-Yr. CMT	0.07	0.10	1.48	7-Year	0.55
Dow	31,148.24	30,391.60	29,290.85	10-Year	0.86
NASDAQ	13,856.30	12,818.96	9,508.68	30-Year	1.55
S&P 500	3,886.83	3,726.86	3,334.69		
Bond Buyer	2.14	2.12	2.47		

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	0.02					1-Year	N/A	+45
6 Mo. Bill	0.04					2-Year	50	55
1-Year Bill	0.05					3-Year	50	60
2-Year Note	0.10	1	-6	-7		5-Year	60	70
3-Year Note	0.17	2	-3	-6	-8			
5-Year Note	0.45	2	11	6	0			
7-Year Note	0.81	3	18	11	1			
10-Year Note	1.15	9	33	24	12			
20-Year Bond	1.75							
30-Year Bond	1.94							

MBS Current Coupon Yields	
GNMA 30 Yr.	1.53%
FNMA 30 Yr.	1.46%
GNMA 15 Yr.	0.28%
FNMA 15 Yr.	0.84%

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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