



Weekly Review—March 4, 2022

Despite a very strong Nonfarm Payrolls print this morning, fears from the overnight developments in Ukraine are sending more investors to bonds, driving prices up and yield lower. For the month of February, 678,000 jobs were added, the Unemployment Rate fell to 3.8%, and the Labor Participation Rate ticked up to 62.3%. Overnight, we learned that Russian forces took control of the nuclear power plant in Zaporizhzhia. While fear was driven by the potential danger of released radiation, as in Chernobyl on April 26, 1986, another considerable fear is Ukraine has lost control one of its largest energy providers. The continued fighting in Ukraine and a potential negative economic impact across Europe are spooking the markets and volatility looks to remain in the short-term.

The treasury curve continues to flatten – at time of writing, the 2-year yield is around 1.49% and the 10-year yield is around 1.74%, a spread of only 25 basis points. The bond market is signaling the possibility of poor economic conditions brought on by the potential impact of a continuing conflict, or pressures on energy delivery and prices. Fear of the impact to global and more specifically, US economic productivity is weighing heavily on the markets.

This week, Fed Chair Jerome Powell communicated to Congress that he will recommend a 25 basis point hike in the overnight Fed Funds rate at this month's meeting. He attempted to provide assurance that the Fed is ready to act on inflation and have the necessary tools with which to address the mandate of price stability. Today's jobs information helps to support a slow and methodical approach to rate hikes – in line with past Fed behavior. While markets will remain volatile for the short-term, the Fed is hoping to act in a way which provides stability. We will see how successful their efforts calm a fear-filled market.

Next week, we see the release of the CPI inflation measure with expectations of a change from a year ago of just shy of 8%. Please reach out to your Investment Representative if you have any questions.

Have a nice weekend!

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
03/08/2022	\$1,450,000	LEAVENWORTH KS-A	2023-2032
03/08/2022	\$2,125,000	LEAVENWORTH KS-A2022	2023-2025
03/08/2022	\$1,400,000	CLARK CO MO CONSOL PUB #1	2022-2047

ECONOMIC CALENDAR

Monday 3/7	Tuesday 3/8	Wednesday 3/9	Thursday 3/10	Friday 3/11
Consumer Credit	Trade Balance Wholesale Inventories MoM NFIB Small Business Optimism	MBA Mortgage Applications JOLTS Job Openings	CPI MoM/YoY Initial Jobless Claims Real Avg Weekly Earnings YoY	U. of Mich. Sentiment U. of Mich. 1 Yr Inflation U. of Mich. 5-10 Yr Inflation

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	3.25	3.25	3.25	3 Mo.	0.80
Discount Rate	0.25	0.25	0.25	6 Mo.	0.87
Fed Funds Rate	0.08	0.08	0.07	1-Year	0.90
IOER	0.15	0.15	0.10	2-Year	1.14
1-Month Libor	0.29	0.11	0.11	3-Year	1.26
11th Dist COFI	0.22	0.22	0.46	5-Year	1.43
1-Yr. CMT	1.08	0.78	0.08	7-Year	1.62
Dow	33,614.67	35,089.74	30,924.14	10-Year	1.77
NASDAQ	13,313.44	14,098.01	12,723.47	30-Year	2.28
S&P 500	4,328.87	4,500.53	3,768.47		
Bond Buyer	2.53	2.3	2.44		

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	0.32					1-Year	N/A	+35
6 Mo. Bill	0.62					2-Year	35	42
1-Year Bill	0.97					3-Year	58	65
2-Year Note	1.45	3	1	0		5-Year	70	80
3-Year Note	1.58	6	5	2	1			
5-Year Note	1.62	7	18	14	6			
7-Year Note	1.69	9	26	19	9			
10-Year Note	1.73	30	40	31	20			
20-Year Bond	2.22							
30-Year Bond	2.16							

MBS Current Coupon Yields	
GNMA 30 Yr.	2.65%
FNMA 30 Yr.	2.84%
GNMA 15 Yr.	0.44%
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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