



Employment Situation

This week's market focus was all about jobs. Here's an overview of the current employment situation: Nonfarm payrolls increased 236k in March – consistent with the street's 230k forecast. February's robust jobs gains of 311k were revised higher to 326k. March's unemployment rate fell to 3.5% while the average hourly earnings increased 4.2% year over year which was below estimates and marks its slowest pace in nearly two years. (Policy makers have paid special attention to wages as increases in pay have likely given consumers the ability to keep spending, putting upward pressure on inflation.) While the labor force participation rate – those 16yrs & older that are currently working or are looking for work – increased to 62.6% marking the highest level since 2020, the average workweek declined to 34.4hr, matching its 2020 low. (The decline in hours worked is concerning as employers generally cut staff hours before reducing the size of its workforce.)

Monetary Policy & the Fed

From the Fed's perspective – although the jobs market is starting to show signs of moderation, it's continued strength boosts the chances of another 25bp hike at next month's policy meeting. According to the Fed Fund futures market, the probability of a quarter rate hike in May now stands at 70%. Prior to this morning's employment data release, the market had been pricing a 50% change of a 25bp move. Next week's inflation data will likely decide the Fed's near-term policy response.

Asset-Liability Management

Recent bank failures show the importance of effectively managing both earnings and risk. For those tasked in managing the risks inherent to banking – i.e., liquidity risk and interest rate risk – now is the time to review your institution's asset-liability management (ALM) policies, procedures, and analysis/reporting. *Special focus should be given to your institution's Contingency Funding Plan (CFP).* Effective ALM starts with first understanding where risks lie...

Dennis Zimmerman Jr.
 Senior Vice President
 Senior Manager – Asset/Liability Services
 Commerce Bank – Capital Markets Group (CMG)



NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
04/10/2023	\$7,570,000	KEARNY CO KS UNIF SD #216 UT GO BQ A	2025-2038
04/12/2023	\$4,095,000	LINCOLN CO MO FIRE PROT DT#1 UT GO BQ AA-	2024-2043

Economic Release	Data Period	Date	Survey	Actual	Prior
S&P Global US Manufact. PMI	Mar (F)	04/03/2023	49.3	49.2	49.3
ISM Manufacturing	Mar	04/03/2023	47.5	46.3	47.7
Factory Orders	Feb	04/04/2023	-0.5%	-0.7%	-2.1% (rev down)
Durable Goods Orders	Feb (F)	04/04/2023	-1.0%	-1.0%	-1.0%
MBA Mortgage Applications	Mar 31	04/05/2023	NA	-4.1%	2.9%
ADP Employment Change	Mar	04/05/2023	210k	145k	261k (rev up)
Trade Balance	Feb	04/05/2023	-\$68.8b	-\$70.5b	-\$68.7b (rev down)
Initial Jobless Claims	Apr 1	04/06/2023	200k	228k	246k (rev up)
Change in Nonfarm Payrolls	Mar	04/07/2023	230k	236k	326k (rev up)
Unemployment Rate	Mar	04/07/2023	3.6%	3.5%	3.6%

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	8.00	7.75	3.50	3 Mo.	2.04
Discount Rate	5.00	4.75	0.50	6 Mo.	2.17
Fed Funds Rate	4.83	4.57	0.33	1-Year	2.44
Interest on Reserve Bal.	4.90	4.65	0.40	2-Year	2.32
SOFR	4.81	4.55	0.30	3-Year	2.22
11th Dist COFI (ECOFC)	2.41	2.27	0.30	5-Year	2.18
1-Yr. CMT	4.51	5.05	1.79	7-Year	2.18
Dow	33,485.29	32,856.46	34,583.57	10-Year	2.26
NASDAQ	12,087.96	11,530.33	13,897.30	30-Year	3.55
S&P 500	4,105.02	3,986.37	4,500.21		
Bond Buyer	3.36	3.75	2.87		

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	4.75					1-Year	N/A	+50
6 Mo. Bill	4.78					2-Year	65	70
1-Year Bill	4.50					3-Year	75	85
2-Year Note	3.94	23	81	80		5-Year	95	130
3-Year Note	3.70	24	85	82	80			
5-Year Note	3.45	18	98	94	86			
7-Year Note	3.40	42	105	98	88			
10-Year Note	3.35	60	120	111	100			
20-Year Bond	3.69							
30-Year Bond	3.57							

MBS Current Coupon Yields	
GNMA 30 Yr.	4.85%
FNMA 30 Yr.	4.87%
FNMA 15 Yr.	4.32%

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