



With the next FOMC policy meeting less than two weeks away, it might be beneficial to review this week's Fed speak:

Philadelphia Fed President Harker – FOMC voting member considered "neutral"

Speaking at the University of Pennsylvania – In terms of future policy response, "I think we're close to where we need to be," Mr. Harker said. As for inflation, "We need to be a little cautious here to not just respond to the current level of inflation, but where we think it's going."

Cleveland Fed President Mester – FOMC non-voting member considered "hawkish"

Speaking in Ohio – Fed President Mester said "I anticipate that monetary policy will need to move somewhat further into restrictive territory this year, with the fed funds rate moving above 5%...precisely how much higher it will need to go and for how long policy will need to remain restrictive will depend on economic and financial developments."

Chicago Fed President Goolsbee – FOMC voting member considered "dovish"

Speaking virtually, Fed President Goolsbee believed that recent bank failures could cause the economy to slow more than expected. He stated, "Everyone is forecasting some growth slowdown for the second half of the year. How intense that will be is going to depend a lot on the financial part." He reiterated that policy makers should not be too aggressive in raising rates.

Atlanta Fed President Bostic – non-voting FOMC voting member considered "dovish"

In a television interview – Bostic favors raising rates one more time then holding rates above 5% to curb inflation. Because Bostic's economic outlook doesn't include the economy falling into recession, he believes that "there is still more work to be done and I am ready to do it." After hiking, he said, "if the data comes as expected, we will be able to hold there for quite some time."

St Louis Fed President Bullard – FOMC non-voting member considered "mostly hawkish"

In an interview with reporters – Bullard believes that continued rate hikes are needed to counter persistent inflation and that recession fears are exaggerated. Bullard said, "Wall Street's very engaged in the idea there's going to be a recession in six months or something, but that isn't really the way you would read an expansion like this." The St. Louis Fed President supports another 50bps in rate hikes.

Richmond Fed President Barkin – non-voting FOMC non-voting member considered "neutral"

Speaking at business conference, Barkin said that while this month's inflation data started to show some signs of slowing, he "wants to see more evidence that inflation is settling back to our target." In terms of additional policy response, he said "our economy works just fine with rates around 5%."

Evidenced in the above Fed messaging/forward guidance, it appears that policy makers are getting closer to a "one and done" policy response. Interestingly, the treasury yield curve has been inverted 272 days (*not that we're counting but for those tasked with managing net interest margin, an inverted curve is not our friend!*)...signaling that the bond market thought the Fed should have stopped increasing benchmark rates approximately 175bps ago.

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
04/24/2023	\$1,845,000	NOBLE CO OK ISD #06 UT GO BQ NR	2025-2026

Economic Release	Data Period	Date	Survey	Actual	Prior
Empire Manufacturing	Apr	04/17/2023	-18.0	10.8	-24.6
Housing Starts	Mar	04/18/2023	1400k	1420k	1432k (rev down)
MBA Mortgage Applications	Apr 14	04/19/2023	NA	-8.8%	5.3%
Initial Jobless Claims	Apr 15	04/20/2023	240k	245k	240k (rev up)
Continuing Claims	Apr 8	04/20/2023	1825k	1865k	1804k (rev down)
Existing Home Sales	Mar	04/20/2023	4.50m	4.44m	4.55m (rev down)
Existing Home Sales MoM	Mar	04/20/2023	-1.8%	-2.4%	13.8% (rev down)
Leading Index	Mar	04/20/2023	-0.7%	-1.2%	-0.5% (rev down)
S&P Global US Manufact. PMI	Apr (P)	04/21/2023	49.0	50.4	49.2
S&P Global US Composite PMI	Apr (P)	04/21/2023	51.2	53.5	52.3

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	8.00	7.75	3.50	3 Mo.	2.40
Discount Rate	5.00	4.75	0.50	6 Mo.	2.53
Fed Funds Rate	4.83	4.58	0.33	1-Year	2.80
Interest on Reserve Bal.	4.90	4.65	0.40	2-Year	2.60
SOFR	4.80	4.55	0.27	3-Year	2.51
11th Dist COFI (ECOFC)	2.41	2.27	0.30	5-Year	2.44
1-Yr. CMT	4.78	4.34	1.93	7-Year	2.40
Dow	33,808.96	32,560.60	34,792.76	10-Year	2.52
NASDAQ	12,072.46	11,860.11	13,174.65	30-Year	3.77
S&P 500	4,133.52	4,002.87	4,393.66		
Bond Buyer	3.56	3.57	3.19		

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	5.04					1-Year	N/A	+50
6 Mo. Bill	5.01					2-Year	65	70
1-Year Bill	4.69					3-Year	75	90
2-Year Note	4.09	17	81	80		5-Year	95	135
3-Year Note	3.80	18	84	81	80			
5-Year Note	3.58	16	98	94	86			
7-Year Note	3.54	41	105	98	88			
10-Year Note	3.50	58	120	111	100			
20-Year Bond	3.84							
30-Year Bond	3.72							

MBS Current Coupon Yields	
GNMA 30 Yr.	5.08%
FNMA 30 Yr.	5.20%
FNMA 15 Yr.	4.68%

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