



Happy International Jazz Day! Quelle surprise! Maggi is talking about music again. Jazz is one of the greatest contributions to humanity and is one of the most complex artforms. It almost always involves other musicians, coming together to produce something greater than the individual and something moving for the audience.

When fixed income investors build and manage their portfolios, they almost always work with others including brokers, committee members, market data sources, etc. Fixed income portfolios are not always something as beautiful as John Coltrane’s *Giant Steps*, but the goal is the same: to leave an impression. Jazz and the bond market have historically been referred to as the thinking person’s music/market. The bond market often attempts to reflect the complexities of how economic data affects prices and how value changes not only in a bond itself, but also how interest rates change. Like Jazz, the bond market has an impact on other areas. One of my favorite Rock bands is Steely Dan. Their music is full of Jazz chords and progressions creating a cool, relaxed groove. The bond market incorporates several economic data, resulting in a glimpse into a possible economic future.

The first estimate of IQ 2021 GDP came in at 6.4% yesterday and was accompanied by continued strong economic data. Personal spending came in at 4.2% and the PCE Core Deflator year over year number met expectations of 1.8%. The housing market continued its upward trajectory with the S&P CoreLogic Case Schiller US Housing Price Index year over year coming in at 11.97%. The current market while appearing unaffected by the strong economic releases this past week, perhaps is signaling a sardonic quelle surprise, or at least an adolescent “I know.” The market has bought into the thought that this is temporary, and we are likely to return to the pre-pandemic levels of modest GDP growth and moderate improvement in employment. Some would have expected a reaction like the bombastic swing orchestras of the 1940s; however, this week’s performance suggests market participants are listening to Miles Davis’s *Kind of Blue*.

It’s going to be a beautiful weekend, perfect for listening to some Jazz and being outside. Here are some of my favorite albums if you care to listen:

- Giant Steps* by John Coltrane
- The Gadd Gang* by The Gadd Gang
- Double Vision* by Bob James and David Sanborn
- The Incredible Jazz Guitar* by Wes Montgomery
- Gumbo Nouveau* by Nicholas Payton
- Homecoming* by Gateway

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NEW ISSUE MUNICIPAL CALENDAR			
Date	Amount (\$)	Description	Maturity
5/03/2021	\$19,340,000	JOHNSON CO KS UNIF SD #232-A UT GO	2022-2036
5/04/2021	\$60,000,000	N KANSAS CITY MO SD #74 UT GO Aa1 AA+	2022-2041
5/04/2021	\$38,300,000	OLATHE KS -WTR SWR SYS-REF AA	2021-2041

ECONOMIC CALENDAR				
Monday 5/3	Tuesday 5/4	Wednesday 5/5	Thursday 5/6	Friday 5/7
Markit US Manufacturing PMI	Durable Goods Orders	MBA Mortgage Applications	Initial Jobless Claims	Change in Nonfarm Payrolls
Construction Spending MoM	Factory Orders	ADP Employment Change	Continuing Claims	Unemployment Rate
ISM Manufacturing	Trade Balance	ISM Services Index	Larger Consumer Comfort	Wholesale Inventories MoM

	KEY INDICES			MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	3.25	3.25	3.25	3 Mo.	0.04
Discount Rate	0.25	0.25	0.25	6 Mo.	0.08
Fed Funds Rate	0.07	0.07	0.04	1-Year	0.10
IOER	0.10	0.10	0.10	2-Year	0.12
1-Month Libor	0.11	0.11	0.40	3-Year	0.23
11th Dist COFI	0.41	0.46	0.99	5-Year	0.48
1-Yr. CMT	0.05	0.06	0.18	7-Year	0.79
Dow	33,879.00	32,981.55	24,345.72	10-Year	1.12
NASDAQ	13,962.68	13,246.87	8,889.55	30-Year	1.75
S&P 500	4,181.21	3,972.89	2,912.43		
Bond Buyer	2.27	2.35	2.36		

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	0.01					1-Year	N/A	+40
6 Mo. Bill	0.02					2-Year	45	50
1-Year Bill	0.05					3-Year	50	55
2-Year Note	0.16	1	-5	-5		5-Year	55	65
3-Year Note	0.33	0	-2	-5	-6			
5-Year Note	0.85	1	12	7	0			
7-Year Note	1.31	2	19	12	2			
10-Year Note	1.62	6	34	25	14			
20-Year Bond	2.17							
30-Year Bond	2.30							

MBS Current Coupon Yields	
GNMA 30 Yr.	1.90%
FNMA 30 Yr.	1.88%
GNMA 15 Yr.	0.78%
FNMA 15 Yr.	1.27%

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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