



Knowing is half the battle. The economic effects of the shut-down really started to show up in the trailing data. This week we saw the first estimate of IQ GDP come in at -4.8%, Personal Spending was -7.5%, 3.8 million people filed Initial Jobless claims – bringing the six-week total to over 30 million. Next week we will get our first glimpse of the latest Unemployment Rate. Bloomberg median consensus expects the rate to be 16%. This comes as parts of the country begin to re-open. We can expect to see more record setting data over the next few weeks and be prepared for a slower recovery than we want.

I love it when a plan comes together. Bank earnings came out over the last couple weeks and one common theme appeared – additions to allowance for loan loss. While most are using the CECL method which is supposed to reflect current expectations of future losses based on several internal and external factors, investors are still interpreting the significance of the increased levels. Bankers are planners, risk managers who take measured risks to make a profit. They must navigate regulations, market fluctuations, and finite resources to meet the needs of their customers. We have seen the great efforts made by community banks to help their small business customers keep employees and locations intact, but we also realize that there will be businesses who will not survive. Thus, preparations are being made by financial institutions in the form of increased reserves. This is an example of risk-based planning and one possible indicator of near-term economic expectations.

Believe it or not, I'm walking on air. Despite all the negative economic data – both present and forthcoming – I am hopeful. I must remain positive because the alternative is not worth it. While my life has changed due to circumstances beyond my control, I accept that I can control my attitude, my reactions, and my outlook. If I look back on my life, most of my mistakes were made because I chose the path of impatience. I made quick decisions without taking time to appreciate the situation or how I could positively change my attitude prior to making choices. Many things we have dealt with over the last few months have caused us to question many parts of our work and personal lives. We will not be able to go back but going forward we can choose to make the lives of our customers, our peers, and ourselves better. Thank you for working with us, together we will see better days and we will be better for it.

Italic quotes are from G.I. Joe, The A-Team, and The Greatest American Hero. All were early influences on me for making positive differences in the lives of others.

Have a wonderful weekend and do something fun!

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NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
05/04/2020	\$29,150,000	Gardner KS 2020A UT GO AA-	2021-2040

ECONOMIC CALENDAR

Monday 5/4	Tuesday 5/5	Wednesday 5/6	Thursday 5/7	Friday 5/8
Factory Orders Durable Goods Orders	Trade Balance ISM Non-Manufacturing Index	MBA Mortgage Applications ADP Employment Change	Initial Jobless Claims Continuing Claims	Change in Nonfarm Payrolls Unemployment Rate Wholesale Inventories Mom

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	3.25	3.25	5.50	3 Mo.	0.74
Discount Rate	0.25	0.25	3.00	6 Mo.	0.82
Fed Funds Rate	0.04	0.10	2.45	1-Year	0.86
IOER	0.10	0.10	2.40	2-Year	0.97
1-Month Libor	0.33	0.99	2.49	3-Year	1.04
11th Dist COFI	0.88	0.99	1.10	5-Year	1.19
1-Yr. CMT	0.17	0.14	2.39	7-Year	1.37
Dow	23,723.69	20,943.51	26,430.14	10-Year	1.61
NASDAQ	8,604.95	7,360.58	8,049.64	30-Year	2.49
S&P 500	2,830.71	2,470.50	2,923.73		
Bond Buyer	2.56	2.27	3.79		

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	0.09					1-Year	N/A	+65
6 Mo. Bill	0.11					2-Year	65	75
1-Year Bill	0.16					3-Year	78	88
2-Year Note	0.20	9	8	8		5-Year	90	105
3-Year Note	0.25	9	25	23	14	MBS Current Coupon Yields		
5-Year Note	0.36	21	50	48	34	GNMA 30 Yr.		1.34%
7-Year Note	0.53	46	57	53	38	FNMA 30 Yr.		1.52%
10-Year Note	0.63	70	82	76	58	GNMA 15 Yr.		0.88%
30-Year Bond	1.27					FNMA 15 Yr.		1.21%

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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