



Weekly Review—May 21, 2021

This week I returned from my retreat weekend along the Mississippi River. I usually come back home relaxed, more at peace, and filled with more patience than the rest of the year. This year was no different. Taking a break from the news allows me to re-focus, to look again with fresh eyes and a clearer mind upon the concerns about inflation and employment situations that concern many of us.

If you have not visited the Bureau of Labor Statistics (www.bls.gov) website lately, they use some pretty nice interactive charts – particularly the CPI page. If we look at the latest release, we see that the largest category of goods to contribute to the year over year figure was used autos and that medical expenses went down. This is just an example of some of the information that helps us get a clearer picture of the inflation picture. You can also search through regional, state, or other categories to further hone the information you may need for presentations or analysis (think qualitative factors for loan loss reserves). The site contains plenty of useful information concerning both inflation and employment.

The other area I focused on while navigating the website was the 1Q 2021 Usual Weekly Earnings of Wage and Salary Workers report. This details the median weekly earnings throughout each quarter and then compares those earnings to a year ago. The data by occupation (see table below) highlights the changes in number of workers by category and in median weekly earnings by category. This helps us see more clearly the areas for concern or at least where certain policy actions or desired actions might focus. Unsurprisingly, the Service sector had the largest decrease in the number of workers and the Professional sector saw the largest dollar increase in wages. Digging into the data helps me better understand some of the possible reasons for changes in interest rates, equities, or economic policies; however, it is never simple.

Finally, I read an article this week on the New York Times website by Neil Irwin asking why it has been so difficult for some businesses to hire workers. The article, entitled *Unemployment Is High. Why Are Businesses Struggling to Hire?* highlighted some possible explanations. Some families do not have the access to child-care they had before and are remaining home until those businesses safely open again. Others have underlying health conditions, especially those with vulnerable immune systems, are not quite ready to risk the possible exposure of going back to work in public areas. Of course, the expanded jobless benefits, which in some cases pay workers more than they earned at their jobs affects decisions to return to work (note, 26 states have either ended or announced end dates for this program). Finally, people have had plenty of time to re-evaluate the importance of what they were doing before and whether to return to the same type of job. Each of these are likely contributing to the slow return of some workers.

We are still recovering, and we must remain patient. Always patient. Have a wonderful weekend!

Matthew Maggi | Senior Vice President | Commerce Bank – Capital Markets Group (CMG)

Occupation	Number of Workers (in thousands)				Median Weekly Earnings			
	1Q 2020	1Q 2021	# change	% change	1Q 2020	1Q 2021	\$ change	% change
Total								
Management, professional, and related occupations	51,719	50,956	-763	-1.5%	\$ 1,332	\$ 1,361	\$ 29	2.2%
Management, business, and financial operations	21,475	21,273	-202	-0.9%	\$ 1,445	\$ 1,475	\$ 30	2.1%
Professional and related occupations	30,244	29,683	-561	-1.9%	\$ 1,235	\$ 1,288	\$ 53	4.3%
Service occupations	15,373	13,468	-1,905	-12.4%	\$ 605	\$ 626	\$ 21	3.5%
Sales and office occupations	22,031	21,576	-455	-2.1%	\$ 796	\$ 817	\$ 21	2.6%
Sales and related occupations	9,597	9,266	-331	-3.4%	\$ 877	\$ 887	\$ 10	1.1%
Office and administrative support occupations	12,434	12,310	-124	-1.0%	\$ 761	\$ 795	\$ 34	4.5%
Natural resources, construction, and maintenance	11,106	10,448	-658	-5.9%	\$ 880	\$ 900	\$ 20	2.3%
Farming, fishing, and forestry occupations	842	686	-156	-18.5%	\$ 579	\$ 582	\$ 3	0.5%
Construction and extraction occupations	6,013	5,910	-103	-1.7%	\$ 884	\$ 885	\$ 1	0.1%
Installation, maintenance, and repair occupations	4,251	3,851	-400	-9.4%	\$ 958	\$ 982	\$ 24	2.5%
Production, transportation, and material moving	15,700	15,621	-79	-0.5%	\$ 738	\$ 738	\$ -	0.0%
Production occupations	7,297	7,191	-106	-1.5%	\$ 759	\$ 781	\$ 22	2.9%
Transportation and material moving occupations	8,403	8,430	27	0.3%	\$ 719	\$ 705	\$ (14)	-1.9%

Data provided by U.S. Bureau of Labor Statistics, calculations by author.

NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
05/24/2021	\$1,330,000	PRATT CMNTY CLG KS-REF-COPS BQ NR	2022-2028

ECONOMIC CALENDAR

Monday 5/24	Tuesday 5/25	Wednesday 5/26	Thursday 5/27	Friday 5/28
Chicago Fed Nat Activity Index	New Home Sales Conf. Board Consumer Conf. FHFA House Price Index MoM	MBA Mortgage Applications	GDP QoQ (1Q Second) Initial Jobless Claims Durable Goods Orders	Wholesale Inventories MoM Personal Income Personal Spending

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	3.25	3.25	3.25	3 Mo.	0.05
Discount Rate	0.25	0.25	0.25	6 Mo.	0.09
Fed Funds Rate	0.06	0.07	0.05	1-Year	0.12
IOER	0.10	0.10	0.10	2-Year	0.16
1-Month Libor	0.09	0.11	0.17	3-Year	0.29
11th Dist COFI	0.38	0.41	0.88	5-Year	0.55
1-Yr. CMT	0.04	0.07	0.16	7-Year	0.84
Dow	34,207.84	34,137.31	24,474.12	10-Year	1.14
NASDAQ	13,470.99	13,950.22	9,284.88	30-Year	1.74
S&P 500	4,155.86	4,173.42	2,948.51		
Bond Buyer	2.26	2.26	2.48		

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	0.00					1-Year	N/A	+40
6 Mo. Bill	0.01					2-Year	45	50
1-Year Bill	0.03					3-Year	50	55
2-Year Note	0.15	1	-5	-5		5-Year	55	65
3-Year Note	0.32	-1	-2	-5	-6			
5-Year Note	0.82	0	12	8	0			
7-Year Note	1.28	1	19	12	2			
10-Year Note	1.62	5	34	25	13			
20-Year Bond	2.23							
30-Year Bond	2.32							

MBS Current Coupon Yields	
GNMA 30 Yr.	1.94%
FNMA 30 Yr.	1.86%
GNMA 15 Yr.	0.80%
FNMA 15 Yr.	1.29%

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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