



I prefer the quiet. It is here where I can allow my mind to wander, to imagine, to think without the raucous cacophony of everyday life. This is most helpful when attempting to discern the implications of economic data releases, earnings releases, statements made by customers, friends, or family. Unfortunately for people like me, the world has been screaming for the last twenty years about the idiocy of opposing positions. It grates on me, affects me more than most of my friends and colleagues. I do not like conflict. So, I often find a quiet place to be with my thoughts and allow my imagination to take over in hopes of finding some kernel of truth or at least a skosh of clarity to help me help others.

The topic we have devoted most of our energy over the last six to nine months has been inflation and how the Fed will address it, tame it, or lose control of and cause a recession. The release this morning of one of their preferred measures of economic performance, Core PCE YoY, came in at 4.9%, down from the peak of 5.3% in February. One might imagine that inflation has peaked (CPI YoY is also down from its 8.5% peak in March). Let us walk this path for bit. First, Core means food and energy are removed. If inflation has peaked, then the narrative – popular this week – is that while the Fed is expected to increase the Fed Funds rate by another 50bps in June, they will likely perform less hikes than previous thought. Some are positing that the Fed may be finished with their rate hikes by the end of this year.

Couple this possible peak in inflation with the revision of the consumer spending part of 1Q GDP from 2.7% to 3.1%. Most of the consumer spending came from the services sector versus durable goods. Have we seen the worse? The consumer looks to continue spending which is a critical aspect of our economy. Yet, if we read almost any article on inflation and consumer behavior, we see a slightly different picture – one of despair and cutting back, and not being able to afford staples of the American way of life. Undoubtedly, many consumers are feeling the affects of inflation, it has been a shock to all of us. Many of us have cut back on spending, but so far, the data contradicts the doomsday scenario often put forth for us to read, click on (add to service sector revenues?). By and large, the American consumer seems determined to just keep on spending, even if using more debt to fund it.

I am not naïve, I know things are tough right now and there are many other aspects of the economy sending signals of possible slow-down, but perhaps we are so used to conflict and struggle that we prefer that scenario. I am not yelling things will be okay and we should just relax, but perhaps I am whispering it.

Have a great weekend!

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### NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
06/01/2022	\$150,320,000	IOWA STATE BOARD OF REGENTS AA2/AA	2023-2038

**ECONOMIC CALENDAR**

Monday 5/30	Tuesday 5/31	Wednesday 6/1	Thursday 6/2	Friday 6/3
Memorial Day	MNI Chicago PMI Conf. Board Cons. Confidence FHFA House Price Index MoM	MBA Mortgage Applications S&P Global Manufact. PMI ISM Manufacturing	Initial Jobless Claims Factory Orders Durable Goods Orders	Change In Nonfarm Payrolls Unemployment Rate ISM Services Index

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	4.00	3.50	3.25	3 Mo.	1.15
Discount Rate	1.00	0.50	0.25	6 Mo.	1.34
Fed Funds Rate	0.83	0.33	0.06	1-Year	1.70
IOER	0.90	0.40	0.10	2-Year	2.02
1-Month Libor	1.06	0.70	0.09	3-Year	2.17
11th Dist COFI (ECOFC)	0.30	0.24	0.46	5-Year	2.33
1-Yr. CMT	2.01	1.99	0.04	7-Year	2.60
Dow	33,213.55	33,301.93	34,464.64	10-Year	2.78
NASDAQ	12,131.13	12,488.93	13,736.28	30-Year	3.21
S&P 500	4,158.24	4,183.96	4,200.88		
Bond Buyer	3.16	3.19	2.20		

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	1.05					1-Year	N/A	+30
6 Mo. Bill	1.49					2-Year	35	40
1-Year Bill	1.95					3-Year	55	63
2-Year Note	2.46	2	1	1		5-Year	65	80
3-Year Note	2.62	4	5	2	1			
5-Year Note	2.69	3	18	14	6			
7-Year Note	2.73	20	25	18	8			
10-Year Note	2.71	41	40	31	19			
20-Year Bond	3.13							
30-Year Bond	2.94							

MBS Current Coupon Yields	
GNMA 30 Yr.	3.64%
FNMA 30 Yr.	3.94%
GNMA 15 Yr.	3.27%
FNMA 15 Yr.	3.28%



**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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