



Weekly Review—June 17, 2022

“Don’t think. Just do,” is the mantra of Top Gun: Maverick. I took my oldest son to see it a couple weeks ago. It was a fun and refreshing movie, full of excitement and a good reflection of that traditional American attitude of action is better than words. This drama plays out between the markets and the FOMC all the time – this week was no different.

The Fed announced a relatively bold move of increasing the overnight Fed Funds rate range by 0.75% - not the expected 0.50%, nor the brash ask by some of 1.00%. Regardless, the Fed sent a message that it was ready to act with more vigor to fight inflation. At first, markets were subdued as if they got what they wanted. Then a couple things happened: 1) Chair Powell hinted that the soft landing will be more difficult, and the risk of a recession has increased and 2) The Swiss Central Bank did something it has not done in 14 years: it raised its overnight rate. The epitome of think before you act, the Swiss, by their decision to act, sent a signal to the world that maybe the economic situation is worse than previously thought.

We’ve become used to market volatility this year, with interest rates rising to levels unseen for years and the underlying causes reminding experienced bankers and businesspeople of some of the most challenging times in their careers. When we are faced with economic situations such as this, we, too, face the dilemma of when to act and when to think. Do we see this as a buying opportunity? Should we build up cash? Do we perform any additional analysis? Or do we just act on our experience and instinct? Obviously, there is not one solution for every investor; but each investor will have to battle the urge to act with or without thinking. Be mindful of investment goals and policies; these are guardrails.

This week, the markets and the Fed displayed a combination of both thinking and acting – in truth, thinking and acting are always a part of what plays out in the economic action film we’re watching. Only in time will we know if we enjoyed this movie or if we feel like it was a waste of money.

Hang in there and have a great long holiday weekend!

Matthew Maggi
 Senior Vice President
 Commerce Bank – Capital Markets Group (CMG)
 800 548-2663
matthew.maggi@commercebank.com

NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
06/21/2022	\$9,000,000	BELTON MO UT GO BQ AA-	2023-2042
06/21/2022	\$21,600,000	OLATHE KS -USD 235 UT GO	2023-2042
06/21/2022	\$1,585,000	BALDWIN CITY -A-TEMP NTS UT GO BQ SPI+	2024
06/21/2022	\$7,500,000	FULTON MO SD#58 UT GO BQ A+	2029-2032 & 2042
06/22/2022	\$44,000,000	CLAY CO MO REORG SD #R-1 UT GO	2025-2037

ECONOMIC CALENDAR

Monday 6/20	Tuesday 6/21	Wednesday 6/22	Thursday 6/23	Friday 6/24
Juneteenth Holiday Observed Markets Closed	Existing Home Sales Chicago Fed Nat Activity Index	MBA Mortgage Applications	Initial Jobless Claims S&P Global US Manufact. PMI Current Account Balance	U. of Mich. Sentiment New Home Sales

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	4.75	4.00	3.25	3 Mo.	1.27
Discount Rate	1.75	1.00	0.25	6 Mo.	1.46
Fed Funds Rate	0.83	0.83	0.10	1-Year	1.92
IOER	1.65	0.90	0.15	2-Year	2.26
1-Month Libor	1.60	0.93	0.09	3-Year	2.43
11th Dist COFI (ECOFC)	0.38	0.30	0.28	5-Year	2.61
1-Yr. CMT	2.88	2.07	0.07	7-Year	2.95
Dow	29,888.78	32,654.59	33,823.45	10-Year	3.23
NASDAQ	10,798.35	11,984.52	14,161.35	30-Year	3.79
S&P 500	3,674.84	4,088.85	4,221.86		
Bond Buyer	3.57	3.27	2.09		

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	1.53					1-Year	N/A	+30
6 Mo. Bill	2.20					2-Year	35	40
1-Year Bill	2.83					3-Year	70	75
2-Year Note	3.15	5	1	0		5-Year	75	90
3-Year Note	3.34	5	5	2	1			
5-Year Note	3.35	3	18	14	6			
7-Year Note	3.35	18	25	18	9			
10-Year Note	3.25	40	41	31	20			
20-Year Bond	3.55							
30-Year Bond	3.29							

MBS Current Coupon Yields	
GNMA 30 Yr.	4.21%
FNMA 30 Yr.	4.61%
GNMA 15 Yr.	3.63%
FNMA 15 Yr.	3.89%



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.

*****If you no longer wish to receive this weekly review, please send an email to CapitalMarketsGroup@commercebank.com*****

The Weekly Review is a publication of the Capital Markets Group of Commerce Bank.

The opinions expressed herein reflect that of the author and are not a complete analysis of every material fact respecting any company, industry, or security. The author's opinions do not necessarily reflect that of Commerce Bank or its affiliates. Information contained herein is from sources deemed reliable but cannot be guaranteed. Prices and/or yields are subject to change and investments are subject to availability. CDs are direct financial obligations of the issuing financial institution and are not, either directly or indirectly, an obligation of Commerce Bank. The information provided is not an official trade confirmation or account statement. The Capital Markets Group (CMG) of Commerce Bank is not acting as your 'municipal advisor' within the meaning of Section 15B of the Securities Exchange Act, and does not act in a fiduciary capacity. CMG does not provide tax advice; please refer to your tax professional. Investments in securities are NOT FDIC Insured; NOT Bank-Guaranteed and May Lose Value.