



Last week the Fed delivered its largest rate increase in nearly 30 years by hiking benchmark overnight rates 75bps – pushing the upper bound rate to 1.75%. Policy makers sent a strong signal that they will do what’s necessary to rein in soaring inflation. Fed Chairman Powell told reporters after last week’s policy meeting that another 75bps increase was on the table for July. This week’s Fed-speak on Capitol Hill was more of the same as Powell stated that the Fed’s commitment to fighting inflation was “unconditional.” Additionally, other FOMC members (Bowman, Waller, Kashkari, Evans) went on record saying they back Powell’s comments of raising rates another 75bps next month. As part of Powell’s semi-annual testimony to Congress, he stated that “our tools are blunt, but they are the right tools to deal with broad aggregate demand.” What he said was correct as monetary policy addresses the demand side of our current inflation problem. How about addressing the supply side problem! Meaning, I’m sure policy makers would appreciate a little help from those tasked with administering appropriate fiscal policy!!! The current level of prices requires an “all hands-on deck” approach.

Both the markets and the Fed currently expect the benchmark rate to reach 3.4% by year-end.

Dennis Zimmerman Jr.  
 Senior Vice President  
 Senior Manager – Asset/Liability Services  
 Commerce Bank – Capital Markets Group (CMG)

### NEW ISSUE MUNICIPAL CALENDAR

Date	Amount (\$)	Description	Maturity
06/27/2022	\$2,525,000	MULVANE KS -A UT GO BQ AA-	2023-2027
06/27/2022	\$2,170,000	MULVANE KS -B UT GO BQ AA-	2023-2042

**ECONOMIC CALENDAR**

Monday 6/27	Tuesday 6/28	Wednesday 6/29	Thursday 6/30	Friday 7/1
Durable Goods Orders	Wholesale Inventories	MBA Mortgage Applications	Personal Income	S&P Global Manufacturing Index
Pending Home Sales MoM	FHFA House Price Index MoM	GDP Annualized QoQ 1Q Final	Personal Spending	ISM Manufacturing
Dallas Fed Manf. Activity	Conf. Board Consumer Confid.	Core PCE QoQ	Initial Jobless Claims	Construction Spending MoM

KEY INDICES				MUNI AA-BQ	
	Current	Last Month	One Year Ago		
Prime Rate	4.75	4.00	3.25	3 Mo.	1.16
Discount Rate	1.75	1.00	0.25	6 Mo.	1.35
Fed Funds Rate	1.58	0.83	0.10	1-Year	1.81
IOER	1.65	0.90	0.15	2-Year	2.15
1-Month Libor	1.62	0.97	0.09	3-Year	2.33
11th Dist COFI (ECOFC)	0.38	0.30	0.31	5-Year	2.48
1-Yr. CMT	2.78	2.09	0.08	7-Year	2.81
Dow	31,500.68	31,928.62	34,196.82	10-Year	3.11
NASDAQ	11,607.62	11,264.45	14,369.71	30-Year	3.66
S&P 500	3,911.74	3,941.48	4,266.49		
Bond Buyer	3.54	3.47	2.16		

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	1.62					1-Year	N/A	+30
6 Mo. Bill	2.38					2-Year	35	40
1-Year Bill	2.68					3-Year	70	75
2-Year Note	3.03	5	1	0		5-Year	75	90
3-Year Note	3.12	5	5	2	1			
5-Year Note	3.16	3	18	14	6			
7-Year Note	3.18	18	25	18	9			
10-Year Note	3.12	40	41	31	20			
20-Year Bond	3.51							
30-Year Bond	3.26							

  

MBS Current Coupon Yields	
GNMA 30 Yr.	4.15%
FNMA 30 Yr.	4.47%
GNMA 15 Yr.	3.63%
FNMA 15 Yr.	3.81%

**About the Author, Dennis Zimmerman**



In 2015, Dennis joined Commerce Bank's Capital Markets Group as Manager of Asset/Liability Services. With his leadership, the Capital Market's ALM team provides asset/liability management consulting services to community banks.

Prior to joining Commerce, he was employed for nearly 26 years at one of the largest privately-held banks in Kansas. In addition to managing a \$775 million bond portfolio, his Asset/Liability Chairman responsibilities included managing margin, interest rate risk, liquidity and capital. Prior to becoming the bank's Finance Treasury Officer, he was a Registered Investment Representative and Supervising Principal in the bank's Capital Markets division.

As a seasoned professional, Mr. Zimmerman offers a comprehensive understanding of bank finance treasury, fixed income, complex financial analysis as well as regulatory and operational awareness. As a banker, he understands the challenge of balancing shareholder expectations within appropriate levels of risk.

**\*\*\*If you no longer wish to receive this weekly review, please send an email to [CapitalMarketsGroup@commercebank.com](mailto: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.